Daily Report

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Berov Proposes Cabinet Changes to Assembly

AU1805140694 Sofia Khorizont Radio Network in Bulgarian 1255 GMT 18 May 94

[Speech by Prime Minister Lyuben Berov to the National Assembly in Sofia; monitored in progress—live]

[Excerpt] [passage omitted] To implement this cabinet's intentions until the end of the year, I propose the following structural changes to the cabinet:

First, in addition to the existing post of one deputy prime minister who coordinates the solving of comprehensive tasks, I propose to appoint another deputy prime minister, who will not be responsible for a specific ministry. He will coordinate the implementation of the structural reform in our economy and will facilitate the implementation of the general policy aimed at finally halting the production decline in industry, agriculture, forestry, construction, and transportation, under conditions of protecting the environment. He will also be in charge of monitoring the utilization of loans received for the purpose of investment, and the use of the resources of the Reconstruction and Development Fund.

Second, I propose to appoint a deputy prime minister to control the country's financial situation, money circulation, and the implementation of deals and agreements. He will also monitor prices in the country and the foreign exchange market, in cooperation with the National Bank. In addition, he will control trade activity and help to create conditions for attracting foreign investment. He will also develop the government's relations with private business organizations.

Third, I propose to adopt an approach of gradually eliminating the committees which have not been envisaged by the Constitution, except for special cases, when the committees are created by a special law. Therefore, at this stage I propose to form two new ministries—a Ministry of Power Supply and a Ministry of Communications—on the basis of the payroll and budget of the corresponding existing committees. Three other committees will be reorganized without transforming them into separate ministries.

In the final analysis, as a result of all these measures the Council of Ministers will include 19 members. It will encompass 17 ministries, one of which will be led by a deputy prime minister, plus a deputy prime minister without portfolio and the prime minister, making 19 members in all. Until now the cabinet has had 16 members.

Four agencies, instead of the existing three, will function at the Council of Ministers, and three committees instead of the existing eight.

The government will review also the activity of the Agency on Foreign Aid and the Committee on Bulgarians Living Abroad, with a view to improving their work.

Within the framework of these structural changes, I propose the following personnel changes in the cabinet:

First, to release Valentin Stefanov Karabashev from the posts of deputy prime minister and minister of trade.

Second, to release the minister of justice, Petur Zakhariev Kornazhev.

Third, to appoint Docent Rumen Vasilev Gechev as deputy prime minister without any specific ministry under him, in accordance with the first item of these structural changes.

Fourth, to appoint Kiril Petrov Tsochev as deputy prime minister and minister of trade, in accordance with the second item of the structural changes.

Fifth, to appoint Nikita Georgiev Shervashidze as minister of power supply.

Sixth, to appoint Gospodin Atanasov Atanasov as minister of justice.

Seventh, to appoint Krustyu Ivanov Mirski as minister of communications.

I propose that the National Assembly approves these changes to the cabinet. Ladies and gentlemen, you may approve or reject the specific program proposed by the cabinet for the period until the end of the year. The approval of this program must be supported next week by an agreement between the cabinet and the parliamentary factions or individual deputies that support it. This will be a sign that this cabinet is supported by a solid parliamentary majority, without which it cannot function successfully. Thus, the cabinet will not be a hostage to any parliamentary faction.

The failure to approve this submission will cause the resignation of the cabinet, the failure of the reform, the nonimplementation of the mass privatization, and serious disruption of the country's economic development. In practice, this will mean assuming an orientation toward early parliamentary elections.

I have done everything possible to find the best solution for the country. I and my team have served Bulgaria to the best of our abilities. We will continue to serve so in the future if the parliament so wishes. Thank you for your attention.

BSP To Support Berov Cabinet in Assembly

AU1905122294 Sofia Khorizont Radio Network in Bulgarian 1200 GMT 19 May 94

[Text] The extraordinary plenum of the Bulgarian Socialist Party [BSP] Supreme Council and parliamentary group has just ended. Problems related to the government and the proposals Prime Minister Berov made yesterday regarding structural and personnel changes in the Council of Ministers were discussed. BSP leader Zhan Videnov stated that the BSP will again support the government.

Berov Dismisses Deputy Defense Minister

AU1805142894 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 18 May 94

[Text] By a decree of Prime Minister Lyuben Berov, Deputy Defense Minister Grigor Khandzhiev has been relieved of his post. The date of his release is 20 May 1994.

The dismissal is on the basis of Article 328-A, which states that the labor contract of a person who has a responsible post can be discontinued when this is in the best operational interest. This was reported by reporter Khristo Khristov, who will try to learn more details about this rather surprising dismissal of the deputy defense minister.

KNSB Committee: 'Over 130,000' on Strike

AU1805165994 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 18 May 94

[Report by correspondent Varshava Maksimova on the general strike declared by the Confederation of Independent Trade Unions in Bulgaria on 18 May—recorded]

[Excerpt] According to information supplied by the National Strike Committee of the KNSB [Confederation of Independent Trade Unions in Bulgaria], over 130,000 people took part in the first day of the general strike; they included workers from the health care, educational, transportation, trade, and light industry sectors, as well as state employees.

As of today a further 24 enterprises throughout the country began indefinite all-out strike actions. Doctors in hospitals in Sliven, Berkovitsa, Ardino, Ivaylovgrad, and the Higher Medical Institute in Sofia suspended medical examinations for one hour. In Plovdiv the city transportation workers stopped work from 0600 to 0900, while public transportation services were suspended for one hour in Gabrovo, Dobrich, and Razlog. In Svishtov the dockers blocked the river port for one hour.

According to information from the strike committee, the strike attracted the heaviest mass support in 11 towns nationwide, including Turgovishte, Kazanluk, Razlog, Sandanski, and Blagoevgrad. Marches and rallies were held in a number of towns, while in Sofia workers from the Kremikovtsi Metallurgical Plant and the engineering plants in Sopot protested in front of the Council of Ministers building and the National Assembly. [passage omitted]

EU Integration Debated at Prague Conference

AU1905081694 Prague RUDE PRAVO in Czech 16 May 94 p 2

[Article by CTK and "(bor)": "The Collapse of East Europe Has Caused More Problems for the West, Says Zieleniec"]

[Text] Prague—The collapse of the communist bloc perhaps caused greater problems for Western Europe than for East Europe, said Czech Foreign Minister J. Zieleniec on 14 May in Prague in a speech delivered at an international conference called "Europe and Us." Zieleniec pointed out that, while the danger in the East had previously been the adhesive of West European integration, the European Union [EU] must now look painstakingly for a firm integrating vision. He described the influence of the crisis of the so-called social state, which put down roots in Western Europe, as a major problem for European integration. The effect of this crisis has been that more and more discussion is being devoted to quotas or subsidies than to the political substance of Europe. "We think more about what divides us than about what unites us," said the minister with regard to the EU and its operation. In an exchange of views with German Social Democratic Deputy Glotz, Zieleniec expressed the opinion that Czech-German relations are better than they were following the CSFR's breakup last January. Glotz, on the other hand, thinks that these relations are worse than they were two or three years ago.

The Czech Republic is now in many respects better prepared to enter the EU than the EU is to admit it, said Kurt Biedenkopf, prime minister of Saxony, at the conference. According to him, Germany will fully support the Czech Republic's entry into the Union, not only by voting for it but also by means of real cooperation and support for the Czech economy.

In the interest of creating a genuinely integrated Europe, the EU states must put an end to manifestations of rampant egoism, said Austrian Vice Chancellor Erhard Busek at the conference. "We do not have enough common European values. We lack a European spirit," he said in the debate.

The conference, held from 13 to 15 May, was attended by important European political figures.

Opening of Temelin Nuclear Plant Delayed

AU1805174294 Prague LIDOVE NOVINY in Czech 14 May 94 p 12

[Article by "(dan)": "Temelin Is Behind Schedule"]

[Text] Temelin—The date for putting into operation the first block of the Temelin nuclear power station, originally scheduled for the fourth quarter of next year, will probably be postponed until mid-1996. In connection with the envisaged delay, the timetable for the work was on the agenda of yesterday's supervisory meeting held to discuss the Temelin nuclear power station project, which was attended by Minister Dlouhy. Engineer Petr Karas, chairman of the Czech Energy Enterprises board, told LIDOVE NOVINY that one of the reasons for postponing the date for bringing in the nuclear fuel is the change in the technology, and processing the documentation associated with it. "Of course, there are other reasons. For example, the government's talks on whether to say yes or no to Temelin lasted almost two years, which, naturally, had an influence on commencing certain activities," added Eng. Karas.

Financing of Plant Clarified

AU1905081994 Prague CESKY DENIK in Czech 16 May 94 p 2

[Article by "(mfs)": "The State Guarantees Have Made It Possible To Obtain Better Credit"]

[Text] Prague—Of the overall budgeted costs, amounting to 68.8 billion korunas [Kc], for the completion of the Temelin nuclear power plant [JETE], a total of Kc35.1 billion had been invested by the end of last year.

In this context, Miroslav Novak, director of communications at the Czech Energy Enterprises [CEZ] power company, which is the investor for the JETE project, told a CESKY DENIK reporter that the final budgeted costs, even with the implementation of the U.S. safety system from the Westinghouse company, should in no way exceed the sum of Kc70 billion. The Czech Government's state guarantees for the delivery of automatic control systems and nuclear fuel for the first two JETE blocks amount to Kc12.2 billion. This involves, first and foremost, a loan from Citibank, with a guarantee from the U.S. EXIM bank and the Belgian ON'D. The state guarantees made it possible to obtain a longer-term dollar credit with a date of maturity of 14 years given the lower interest of up to 5 percent. The other costs, apart from the loan from Investicni banka [Investment Bank] amounting to Kc1.1 billion, which is already more than half exhausted, come from CEZ's own resources.

Zieleniec Defends Pace, 'Simplicity' of Reform

AU1805161194 Prague CESKY DENIK in Czech 16 May 94 pp 1-2

[Interview with Foreign Minister Josef Zieleniec "prepared by" Jan Bednar; place and date not given: "Our Recipe for Reform Is 'Quicker and Simpler'"]

[Text] Following the recent elections in Hungary, the Czech Republic is the last country in the former Eastern bloc in which the left has not yet come to power. We asked Foreign Minister Josef Zieleniec to assess the elections in Hungary:

[Zieleniec] The Hungarian elections and their course and results reflect the complexity of the changes taking place in Central and East Europe. I think that the consistency

of government policy in the Czech Republic will stand out better against these elections and also against the elections in the other countries of Central Europe. Although we have a distinct "plotted" course, a direction in which our state's transformation should proceed, we are also pursuing a policy that will not lead to social tension and social crises. I think that it is terribly important that the outlook, which a state undergoing our country's kind of transformation has, is clear and credible to the voter. On the other hand, the chosen path must be viable. And there are things a responsible politician must know how to balance. He must know how to maintain credibility even under the conditions of complex political decisionmaking, which concerns not only the far-off vision but also the immediate future. Perhaps this sounds a little like praising our policy to the skies. But, believe me, during the whole of the period I have been in politics, our discussions have always concentrated on how to go straight after our vision of society and, at the same time, maintain the prospect of realizing this vision. This means, among other things, conducting the kind of policy that will not bring about an upsurge in left-wing forces, especially the extreme left wing.

[CESKY DENIK] The Hungarian elections, in which the socialists triumphed, will certainly mean a slowdown in the reforms in Hungary or, in any case, a shift from a more right-wing policy to a more left-wing one. We have already seen something like this in Poland and elsewhere to the east of our republic. Do you have the impression that we are now isolated?

[Zieleniec] I would not say that we are isolated. I would like to emphasize one thing: The vision is important for us, as I have said, and we must measure our path toward it by our potential. It is the same for the parties now in power in Poland, Hungary, and Slovakia—their vision is important to them, and they are choosing the means to achieve it. From the short-term point of view—that is, for this day, month, and year—the differences between the Polish, the Slovak, and the Hungarian, and also, to a certain extent, our policies, do not have to be of a fundamental nature. Political differences tend to crop up in the longer-term outlook. If we take economic development, differences will perhaps crop up in two or four years, not in a few months.

[CESKY DENIK] The differences between the states will not perhaps be of a fundamental nature, but our republic will obviously proceed faster in transformation than Poland or Hungary...

[Zieleniec] This is the situation regardless. The principle methodical approach for our reform was always the endeavor to proceed as fast and as simply as possible. Speed is important because the faster we leave the transformation stage, the faster we rid ourselves of its burdens. Otherwise, there is a danger that these burdens will turn into an avalanche that will crash down on reform. Simplicity is important from the point of view of social acceptance of reform. It is possible to think up all sorts of complex privatization procedures that, in certain theoretical considerations, may be a bit more convenient. On the other hand, however, the transparency and intelligibility, for example, of coupon privatization have made it politically acceptable to our voters, as opposed to the very complicated, often dubious privatization schemes being applied in other countries. From this point of view, the policy of "quickly and simply" is a recipe we stand by.

Military Agreement With Israel Signed

LD1905104094 Prague Radiozurnal Radio Network in Czech 0900 GMT 19 May 94

[Text] In Tel Aviv today, Yitzhaq Rabin, Israel's prime minister and minister of defense, and Czech Defense Minister Antonin Baudys signed an agreement on military cooperation. This was announced by the Israeli Defense Ministry's spokesman.

Rabin made use of the presence of the Czech Government representative in Israel to thank the former Czechoslovakia for supplying arms to the young Jewish state when it was fighting for its independence in 1948.

Elite Army Rapid Deployment Force Forming

AU1805182794 Prague LIDOVE NOVINY in Czech 14 May 94 p 12

[Article by "(gag)": "An Elite Military Brigade Is Being Formed in the Czech Republic"]

[Text] Prague—Establishing the rapid deployment brigade is one of the Czech Army's priorities. This is one of the few development programs the military can undertake in view of the tight budget (27 billion korunas [Kc]).

It will cost Kc800 million to establish the rapid deployment force of 3,000 men (they will begin to fulfill their tasks on 1 July). Colonel Karel Hejzek, of the General Staff, who has been entrusted with establishing the brigade, rejects the view that this ambitious project, like the grandiose but unprepared plans to professionalize the Federal Army, will also fail. He maintains, among other things, that by yesterday, when the recruitment centers closed, 600 reserve soldiers had signed up for the rapid deployment force. Nevertheless, he envisages that, after the medical examinations and psychological and physical tests, one-third of the men will be rejected. "We are not an institute for fallen aristocrats," says the colonel. "We do not intend to moderate the strict selection criteria, even if we have to begin training with less than the full complement of personnel in the units." Until now, two-thirds of the planned number of men have been serving in the brigade. However, if Col. Hejzek's group were to apply the standards governing the selection and training of the elite U.S. Army units, the public would probably accuse it of tyrannizing people. "I am disappointed by the physical prowess of the recruits

that have joined up," admits the colonel. The Army would like to pay the professionals in the rapid deployment force well and also offer them language and specialist training. The one thing that worries the experts is the reaction of the soldiers recruited for further service to the standard of accommodation, which does not even reach the normal standard. There are also problems with apartments for the families of career soldiers. Because of this situation, very capable professionals are refusing to move to the elite brigade's garrisons.

Prime Minister Seeks Rapprochement With Hungary

BR1805140394 Rotterdam NRC HANDELSBLAD in Dutch 17 May 94 p 4

[Report on interview with Slovak Prime Minister Moravcik by Frits Schaling in Bratislava on 17 May: "Moravcik: A Race Against Time"]

[Text] The silence in the reception room of Slovak Prime Minister Moravcik is broken only by the insistent noise of a large, standing 19th-century clock, whose pendulum slowly and provocatively ticks the seconds away. Every half-hour, the mechanism makes a grinding noise, reminding everyone that the time is slipping by for Moravcik and his coalition government. Installed in mid-March, the government now has just a few months until the early elections on 30 September and 1 October.

It is not an enviable position to be in. Moravcik and his government, which comprises three politically very heterogeneous parties, must create some order in the economic, administrative, and political mess left behind by Vladimir Meciar, the populist and just as popular leader of the HZDS (Movement for a Democratic Slovakia), which, following a frontal assault on his politics by Slovak President Michal Kovac, had to leave the field.

True, the new prime minister knows how to get nice figures in the popularity polls (about 25 percent), but that is still 9 percent less that his HZDS rival, who has long been busy with his election campaign, in which, as is customary, he tackle not so much the issues as the people.

Jozef Moravcik, who in 1992 was the last Czech foreign minister and the Slovak foreign minister in Meciar's Cabinet, remains confident. He still has no time to conduct a campaign. He leads his Cabinet and does it conscientiously, soundly, and even a bit dully.

He feels that his most important task is to quickly mend Slovakia's dilapidated image. The biggest obstacle to this is the time factor. So how big are the chances of the Slovak Government's winning this race against time?

Moravcik answered the question with apparent reluctance. "It is indeed a race for which we have little time. There is only one way to win this race: Be consistent and systematic. First, the problems must be solved. These decisions were always postponed by the last government. The most important thing in this respect is privatization. We have to solve the problem of coupon privatization. We have already approved the time frame for this: The voucher booklets will be sold to the people in early September. Another problem is the budget. We are trying to maintain the deficit at 4 percent of the GNP. We want more favorable conditions for loans from businesses. The situation is not at all rosy as regards the financing of education and health care."

Later this month, an IMF delegation will investigate the possibility of giving Slovakia a stand-by loan of $230 million. The condition for this loan is that Slovakia bring its budget deficit down from 23 to 6 billion krone (1.3 billion guilders [G] to G360 million). That will seem daring to a great many Slovak voters.

Moravcik said: "The only way is to convince them that these resources are needed to stabilize the country's financial situation. Everyone feels the problems in this area very acutely."

One of the government's most important goals is to restore international confidence in Slovakia and to attract foreign capital and investment. "We feel that people accept us and that we are successfully creating a positive attitude about ourselves. However, there is one problem: On the one hand, people are showing understanding, but, on the other, they are playing a waiting game. The crucial moment will come at the end of June, when the IMF makes a decision on the standby loan."

"For Slovakia, it is not just a question of the standby loan," Moravcik said, "but also of the IMF's approval of its entire economic policy."

During Vladimir Meciar's government, the impression was often given that Slovakia was a besieged fortress surrounded by enemies. What has Moravcik done to change this?

"We do not at all have the feeling that we are enemies or that we have enemies. Our goal is to bring peace to the situation and not to get embroiled in counterproductive controversies. We are going to convince the voters that antagonistic politics does not offer any prospects for this country."

One of the most controversial problems in Slovak domestic and foreign policy is the position of the Hungarian minority (11.5 percent of the population) and relations with Hungary. The last government tried to limit minority rights and took a tough confrontational stance vis-a-vis Budapest. The new government has taken a completely different tack: Not only was Moravcik's coalition government set up with support from the Hungarian minority party, but it also immediately began to improve the climate between Bratislava and Budapest. After much to-ing and fro-ing, this resulted in a talk between Moravcik and Hungarian Prime Minister Boross. "We wanted a meeting on a higher, official level, but we could not agree on the content of the communique, so we sought out another forum and decided on an informal meeting. In this way, we wanted to demonstrate that, although we are not currently in a position to resolve a number of open questions, such as the immutability of borders, the political will is there to seek out solutions in a friendly atmosphere."

Moravcik Interviewed on Visit to France

LD1805164094 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 18 May 94

[Excerpts] Prime Minister Jozef Moravcik and his entourage returned from a two-day official visit to France late last night. The talks demonstrated that the French partners have been very well informed about the political situation in Slovakia. They have expressed sincere interest in cooperating with us in numerous spheres. Slovak Prime Minister Jozef Moravcik granted an interview to our editor Magda Pospisilova last night, after his arrival by air from Paris.

[Begin recording] [Pospisilova] When you were received by French President Francois Mitterrand, it took almost an hour instead of the planned 35 minutes. This attests to the success of your trip. Can you tell us something specific?

[Moravcik] I was very pleased by the president's interest in the events in Slovakia and our foreign policy, especially Slovakia's endeavors to integrate with the European Union. I had enough time to explain our policies to the president. I stressed that the presence of France in the center of Europe, and Slovakia as well, was very important from the point of view of stability in Central Europe and that of the stability of all Europe.

The president was also intensely interested in our relations with our neighbors—he was, above all, interested in relations with Hungary. I explained our policy aims in this sphere in great detail, and I can say that my explanation met with great understanding on the part of the president.

[Pospisilova] The result of all this is also the fact that Mr. Mitterrand accepted an invitation to visit Slovakia.

[Moravcik] Yes, I conveyed an invitation from our president, and I can say that the president accepted this invitation with genuine and real interest.

[Pospisilova] When will this official visit take place?

[Moravcik] We assume that it will take place in September. It is now a technical question—we must agree on a suitable date for both sides.

[Pospisilova] You said during all of your meetings in Paris that we ourselves were capable of agreeing about bilateral questions with Hungary and that we did not need the mediating role of the European Union. How did the French side accept your words?

[Moravcik] With great respect, above all, when we explained our approach toward the solution of the open questions that remain between the two countries. There are no problems in this respect.

[Pospisilova] You had talks with former French President Giscard d'Estaing about the significance of political parties in creating stability in Central Europe. What should our political entities do for this?

[Moravcik] The basic idea is very simple. I think it is being implemented in practice in our political life. A political party structure similar to that in Western Europe should be created. It is very important because the significance of direct cooperation between the political parties is growing.

[Pospisilova] How many of the big economic projects that you discussed in Paris will be started by the end of September—that is, by the beginning of the elections?

[Moravcik] It would be good if there were as many as possible.

[Pospisilova] Which ones specifically?

[Moravcik] We would be very glad if we could make progress in completing the building of Mochovce [nuclear power station]; there is also a chance that cooperation in the sphere of the gas industry will become more dynamic. We are interested also in cooperation in the automobile industry and in the participation of French firms.

[Pospisilova] So far, you have talked only about what you agreed with the French representatives. What are the open questions?

[Moravcik] [passage omitted] As for the Bratislava metro, I expressed our view—that we considered this project very interesting because it was of a high technical standard, but, in view of our current economic situation, we had to consider in greater detail whether the economic possibilies existed for it.

[Pospisilova] You also had talks with Minister of Defense Leotard. Did you discuss possible cooperation in the arms industry?

[Moravcik] Such cooperation is being considered. I think it would be for the benefit of our industry. [end recording]

Weiss Discusses Past, Present Governments

AU1805144194 Bratislava PRAVDA in Slovak 11 May 94 pp 1, 3

[Interview with Peter Weiss, chairman of the Party of the Democratic Left, by Martin Krno; place and date not given: "Hatred Is a Poor Counselor"]

[Text] I suppose it would not be far from the truth if we were to state that the most bitter exchange to date between representatives of the Party of the Democratic Left [SDL] and the Movement for a Democratic Slovakia [HZDS] took place during the most recent "Kroky" television program. Their mutual relations seemed different two years ago. Why have they worsened considerably? We turned to SDL Chairman Peter Weiss and asked him this question.

[Weiss] Our relations were never ideal.

[Krno] Now you can say it openly: Did the prime minister really rip your jacket at the U.S. Consulate in the summer of 1992?

[Weiss] No. It was merely a verbal tussle. We respected the results of the elections, but we always tried to formulate an independent policy. We rejected the "Join us!" philosophy and all of the sermonizing aimed at us. We have our own objectives. We did not cause the domestic political crisis; it was caused by the gradual differentiation in the Slovak National Party and the HZDS. This movement has still not adopted a profile. It does not belong to any European political family, it has no allies abroad, it does not know exactly what it wants, and it is inscrutable. Therefore, again and again it inclines toward social and national demagoguery. The reasons for the crisis can also be seen in the way the HZDS leadership treated its own deputies. One-quarter of them refused to subject their honor to any more humiliation and left. We proposed early elections in April 1993. The HZDS rejected this proposal, although, given the ratio of forces in the National Council at that time, we could have put the early elections far behind us. The crisis culminated in the intensifying conflict between the prime minister and the president, a conflict that began to threaten our constitutional system.

[Krno] Parliament adopted its well-known decision on 11 March. Some people have called it a parliamentary putsch...

[Weiss] The idea is being foisted on our citizens that, in the last elections, they did not elect 150 deputies but one man who was given carte blanche to govern for four years and that parliament did not have the right to recall him. The art of politics is not only to win the elections, but also to maintain a majority in the parliament. I see no political, policy, or moral reason that the SDL deputies should be obliged, by means of their votes, to patch up the hole the HZDS chairman created by not being able to keep his parliamentary club together.

[Krno] The SDL had already had particular experience with the former prime minister. Why were you considering, until the last moment, whether or not to enter into a coalition with the HZDS?

[Weiss] I personally was not in favor of this, but ways were being sought of bridging the period until the early elections. However, it was impossible to reach a compromise with the HZDS on a date for the elections. Following Michal Kovac's speech in parliament, it was essential to consider whether we would take the side of those who, on Zupne Square, were chanting the slogan "Rather a civil war than the president!" or of those who wanted to resolve the crisis by democratic means. Not only our grave reservations about the government's inept policy but also its very bad image abroad played a role in our decisionmaking. Support for the former prime minister would have complicated our position abroad and our chances of being accepted into the Socialist International. Despite this, I said in the National Council on 11 March that we were willing to enter into an open coalition with the HZDS for the transitional period, but on the condition that there would be no political elite in the Cabinet. The prime minister, however, placed his personal interests above the HZDS remaining in power.

[Krno] Information was made available at an HZDS meeting in Bratislava last week about the visit made to Washington last year by Jan Carnogursky. Apparently, he reached an agreement there with President Clinton that, along with you and Milan Knazko, he would tear down Meciar's government. Are we to understand your coming visit to the United States as the culmination of this agreement?

[Weiss] I would view this as a political joke, with the addendum that the U.S. Democratic Party has swollen the ranks of HZDS traitors.... But, seriously, I am going to the United States with Milan Ftacnik to hold talks on the opportunities for economic cooperation and the development of political relations. We will meet with representatives from Congress, the Department of State, the National Security Council, and business circles.

[Krno] Will you ask them what is happening with regard to the flow of money to Slovakia? When the prime minister returned from New York last year, he claimed that he had been told there that, if the SDL enters the government, we can wave good-bye to U.S. capital.

[Weiss] The SDL is now a governing party, and the atmosphere of the talks with the IMF and the World Bank being conducted on behalf of the Slovak Republic by Deputy Prime Minister Brigita Schmognerova, who was nominated by our party, is favorable. I recently toured the most crisis-hit regions, Gemer and Spis, and I am preparing to visit others.

It is depressing for a left-wing politician to look into the eyes of unemployed workers and high school and university graduates and, at the same time, feel that they want to hear from you something that would give them immediate hope. However, I will not promise them the earth, as the former prime minister did last year at a meeting in Spisska Nova Ves. Not one heller of the 250 million korunas promised to revitalize the district has materialized. It is necessary to place the economy as a whole on its feet, but, at the same time, it is essential to draw up special programs for the most threatened regions. Some activities can be financed from foreign aid. Therefore, in the United States, we will also discuss guaranteeing the political conditions for expanding investments in Slovakia.

[Krno] What is the situation regarding the accusations from Pavol Hagyari and, most recently, Vladimir Meciar that you are not a left-wing party?

[Weiss] The first does not know how to win support for his own right-wing party, so he is at least dreaming that the SDL has deviated to the right. The shadow prime minister is not a political scientist; he contradicts himself very often. There are also other statements made by

him—for example, that the HZDS forms the pragmatic center between the SDL and the Christian Democratic Movement [KDH]. The truth, however, is that HZDS deputies have on many occasions voted in the parliament along with the Christian democrats. For example, on agricultural policy, on the restitution of church property, and on the law on national holidays. At that time, our left-wingedness presented a major obstacle to the HZDS. Meciar's movement pursued, especially as far as satisfying the interests of its functionaries' aktiv was concerned, a vulgarly egotistical, elitist right-wing policy based on controlling the state apparatus by the system of "winner takes all." The reproaches aimed at us, that we do not pursue a left-wing policy, are part of the normal preelection propaganda, and are an element of the scenario to destroy the SDL. The HZDS chairman is peeved that only our party has resisted his ability to break up political entities.

[Krno] Divide et impera, maintained the ancient Romans.... It was interesting to observe on the aforementioned program how Kroky tried to bring you into conflict one after the other with Roman Kovac, the KDH, the SDL membership base, and even your own ministers. Is there really such cantankerousness between you and your coalition partners in the government?

[Weiss] The wish is father to the thought. I know that we are troublesome because, in an election coalition with the Social Democratic Party of Slovakia, the Green Party in Slovakia, and the Farmers' Movement, we will be the most serious opponent of the HZDS in the elections. Naturally, it is not easy to work in the current coalition government. However, we have agreed on a government program that also proceeds from the SDL's fundamental policy aims. Many supporters of the left wing are not reproaching our deputies so much for expressing no confidence in the former prime minister as for entering into a coalition with the KDH. This coalition, born of reason and aimed at getting Slovakia out of its plight, has an important aspect: All of us participating in it have stopped looking back at the past and have begun to emphasize the future. Slovakia is marked by feelings of hatred among those who, from 1945 to the present, have experienced major political defeats. Now it must decide whether to challenge the intensity of intractable hatred, the setting of people against each other, and the concoction of enemies. Left-wing policy can also be formulated in a coalition government. If this were impossible, the Austrian Social Democratic Party, which is already serving a second term in a government with Christian democrats, would not have the right to call itself left-wing. We will go into the elections on the basis of an agreement among the left-wing forces. We also want to achieve the results that would enable us to continue all the positive things our ministers have begun in the current government.

[Krno] Reports have been leaked to the public that disputes have erupted among your ministers. Were there threats of resignation in the air?

[Weiss] There is a need for a consistent dialogue in every government. We have had some lively discussions in the SDL ministerial club. They concerned, in particular, the negotiations with the IMF and the World Bank, the measures for stabilizing the state budget and creating the financial resources for education, health care, and the judiciary. It is quite natural that, during these discussions, views were expressed that had to be harmonized on the basis of reasoning. We had such a useful discussion in Malanta on 5 May. In the end, an agreement was reached between the deputy prime minister and the agriculture minister and between the deputy prime minister and the defense minister.

[Krno] The election campaign is already under way unofficially. The HZDS has set a specific tone from the beginning. What are your views on the preelection struggle?

[Weiss] We did not conduct privatization. Therefore, we certainly will not have enough money to place a full-page advertisement in the press every week from today until the end of September. We will present our political values and aims to the citizens, and we will explain how we intend to assert them. We intend to offer a modern European and, at the same time, patriotic left-wing alternative to resolving Slovakia's problems. That is, we will not embark on a black campaign, denunciation, scandal, and manipulating public opinion. Of course, if it is necessary to react to attacks, scandal, and gossip, we will do so. It is natural that we want to publish the SDL program in the form of advertisements in PRAVDA, as an independent daily with a high print run and a well-known structure of readers, but these will certainly not be articles scandalizing our political partners. That would be beneath us.

KDH Rejects KSU Offer of 'Christian Bloc'

AU1905114794 Bratislava PRAVDA in Slovak 17 May 94 p 3

[TA SR report: "Klepac Took a Risk"]

[Text] Bratislava—"The extraordinary nature of this period, in which the further orientation of independent Slovakia is being decided, requires extraordinary decisions and deeds. The formation of a Christian bloc in Slovak politics would constitute such a deed. Unfortunately Jan Carnogursky [chairman of the Christian Democratic Movement, KDH] proved unable to rise above the feeling of having been personally hurt and to give priority to a higher moral principle." This is stated in a statement issued by the Christian Social Union [KSU] in response to the KDH chairman's remark that the KSU should not run in the parliamentary elections. KSU Chairman Jan Klepac informed reporters about this statement yesterday. The KSU is of the opinion that Slovakia, where 70 percent of the population declares itself Christian, needs a strong Christian political party. It would be a response to the formation of the left-wing bloc and the ethnic Hungarian bloc, in which Hungarian

communists, Christians, and liberals managed to join forces. The KSU chairman submitted this proposal to Jan Carnogursky three weeks ago, even though he was taking the risk of arousing the disagreement of some KSU members who have still not forgotten that KDH deputies voted against the Declaration of Sovereignty and the Slovak Constitution.

[Bratislava SME in Slovak on 17 May on page 3 carries a 250-word "dos"-signed report on the KSU briefing. The report includes the following passage: "Jan Klepac assessed negatively the fact that the KDH is offering places on its slate of candidates to 'cosmopolitans and exponents of Czechoslovakism.' In his opinion, by opening up to atheism, the KDH is losing its Christian character. The KSU chairman also reacted to reports according to which the Slovak National Party Central Council considers a coalition with the KSU possible only without its chairman and deputy chairman. 'Should this be the case, it would be intolerable interference in the internal affairs of another political entity,' the KSU chairman said."]

Party Rejects KDH Offer

LD1805221294 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 18 May 94

[Text] The Party of Businessmen and Tradesmen has rejected the offer made by the Christian Democratic Movement [KDH] to allow certain right-wing forces to stand on the KDH party ticket in elections. Party officials reached this decision following a meeting today with KDH Chairman Jan Carnogursky. According to them, the seats they were offered to run for could not be won.

Results of Radio Poll on Preferred Coalitions

AU1905102694 Bratislava PRAVDA in Slovak 17 May 94 p 3

[Article by Martin Krno: "Preferences for Possible Coalitions"]

[Text] Yesterday we managed to obtain the fresh results of a representative survey of preelection preferences conducted by Slovak Radio's Methodological Research Department from 2 to 10 May 1994. A total of 1,065 respondents were asked to reply to several questions, of which the following attracted our attention: "Several parties and movements consider forming coalitions for the parliamentary elections. How would you vote if the parties and movements contested the elections grouped together in the following coalitions....?"

Three political groupings would acquire more votes than if its individual components went into the elections independently. The coalition of right-wing and liberal parties—Christian Democratic Movement [KDH], Democratic Party [DS], National Democratic Party [NDS], Democratic Union [DU], and Party of Entrepreneurs and Tradesmen [SPZ]—would receive 13 percent of the votes of all respondents (15.7 percent of the votes of those who are determined to vote). The coalition of left-wing and social democratic parties—Party of the Democratic Left [SDL], Social Democratic Party in Slovakia [SDSS], Green Party in Slovakia [SZS], and Farmers Movement of the Slovak Republic [HP SR]—would receive 15.1 percent (18.2). And the coalition of ethnic Hungarian parties—Coexistence, Hungarian Christian Democratic Movement [MKDH], and Hungarian Civic Party [MOS]—would receive 7.5 percent (9.1). The bloc of nationally oriented parties—Movement for a Democratic Slovakia [HZDS], Slovak National Party [SNS], and Christian Social Union [KSU]—on the other hand, would receive 19.9 percent of the vote (24.1 percent); that is less than if the HZDS, the formerly ruling movement, opted for an independent ticket. Some "other coalition or party" was preferred by 4.7 percent of respondents.

As many as 22.5 percent of respondents were unable to state their preferences. Obviously, a fierce preelection struggle will be waged for this more than one-fifth of undecided voters.

Preferences for Possible Coalitions (in percent)

Right-wing coalition	13.0
Left-wing coalition	15.1
National bloc	19.9
Ethnic Hungarians	7.5
Other	4.7
Would not vote	8.0
Will not state their preferences	9.3
Undecided	22.5

Note: Survey conducted by Slovak Radio's Methodological Research Department from 2 to 10 May 1994

Five Romany Parties To Contest Election Jointly

AU1805120594 Bratislava PRAVDA in Slovak 16 May 94 p 2

[TA SR report: "Romanies Jointly"]

[Text] Kosice—An agreement on joint entry into the elections was signed in Kosice yesterday by representatives of the five largest Romany parties and movements from east and central Slovakia. In concluding the agreement, the chairmen of the Romany Congress, the Romany Civic Initiative, the Union of the Romany Civic Initiative, the Romany Party of Social Democracy, and the Party of Integration of Romanies proceeded from their parties' failure in the last elections, which was caused by their own fragmentation. There are at present eight political parties and 12 cultural associations of Romanies in Slovakia associating almost 90 percent of the 520,000 Romanies, most of whom live in eastern Slovakia. According to the parties to the agreement, they

also contemplate joining an electoral coalition but have not yet decided on a partner.

Defectors Set Up 'Genuinely Slovak' Green Party

AU1805122494 Bratislava PRAVDA in Slovak 16 May 94 p 2

[TA SR report: "...And They Set Up a New Party"]

[Excerpts] Bratislava—"Forces that do not wish for a strong green party on the Slovak political scene have become active again," states a statement issued by the Green Party in Slovakia (SZS), which SZS Deputy Chairman Pavol Fabian made available to the TA SR yesterday. Three party members decided to leave the SZS before the coming elections and have launched a petition campaign, the aim of which is to register the "genuinely Slovak Green Party." One of the founders of the new party is a former SZS member, who was recently caught as she unlawfully manipulated the registration cards of SZS members. [passage omitted] Only 17 days after this incident, she set up the new party. According to the SZS Presidium, the three signatories of the appeal for the establishment of the new party distinguished themselves by minimal activism in protecting the environment, and their departure represents no loss for the SZS from this viewpoint.

Communist Party Claims Growing Support

AU1805114194 Bratislava PRAVDA in Slovak 16 May 94 p 2

[Article by Olga Prekopova: "Still Marxist-Leninist"]

[Excerpts] Levice—The welcoming of delegations of communist and workers parties from the Czech Republic, China, the DPRK, Vietnam, Poland, Hungary, Austria, Russia, Ukraine, and Cuba marked the opening of the First Congress of the Communist Party of Slovakia [KSS] in Levice on 14 May. The KSS was established in 1992 through the merger of the KSS '91 and the Union of Communists of Slovakia.

KSS Chairman Vladimir Dado stressed that the party's membership base has considerably increased of late, with many young people joining the party. According to Dado, 6,123 members are working in the party's more than 200 primary organizations. The congress approved the preservation of the party's orientation toward Marxist-Leninist principles and subscribed to the program of the Lubochna congress [of Marxist-Leninist Social Democrats from Slovakia] of 73 years ago. The KSS regards itself as a party of workers, farmers, and the intelligentsia and relies, in particular, on "the workers' class and the youth." It assesses the post-1989 development as a path of class-motivated revenge and the restoration of capitalism by force. Vladimir Dado regretted the unwillingness of the Party of the Democratic Left, the Social Democrats, and the Association of Workers of Slovakia to set up a left-wing bloc with the KSS. "If we do not succeed in forming a bloc, we will go into the elections independently," he said. During the debate, the media came repeatedly under heavy fire because they supposedly refuse to provide scope to the party. [passage omitted] The delegates to the two-day congress approved the party's program and statutes and reelected Vladimir Dado as KSS chairman.

[Bratislava SLOVENSKY DENNIK in Slovak on 16 May on page 2 carries a 300-word TA SR report on the First KSS Congress. The report notes that the newly approved party statutes include "one major change in that the Executive Committee has been replaced by a 15-member Presidium" as the party's steering body. The report also mentions that "Ladislav Jaco was elected KSS central secretary."]

Trade Unions No Longer Guarantee 'Social Peace'

AU1905081794 Bratislava SME in Slovak 14 May 94 p 2

[Article by "bor": "The Confederation of Trade Unions Has Ceased To Be a Guarantor of Social Peace"]

[Excerpt] Bratislava—At a meeting of the Council of Economic and Social Accord (known as the Tripartite Council) last week, the trade unionists withdrew from the General Agreement for 1994. Before yesterday's extraordinary Assembly of the Confederation of Trade Unions (KOZ), it was rumored that some trade union leaders disagree with this step.

Yesterday, KOZ changed its original statement and, in a statement of the KOZ Assembly that was, according to KOZ Vice President Vladimir Stevko, approved "by all chairmen of indiviudal trade unions, with one or two exceptions," it declared: "On the basis of the nonfulfillment of the General Agreement by the Slovak Government in the preceding years, KOZ of the Slovak Republic regards the continuing nonfulfillment of the General Agreement for 1994 as a reason for KOZ to cease being a guarantor of social peace." As KOZ representatives specified at a subsequent news conference, the statement does not imply any immediate organizing of strikes or demonstrations. A decision on specific steps should be made by the next assembly, which will be held next week. [passage omitted]

Safety Improvements in Mochovce Plant Noted

AU1805114694 Bratislava SLOVENSKA REPUBLIKA in Slovak 14 May 94 p 2

[TA SR report: "Mochovce OK"]

[Text] Bratislava—Assessing proposed as well as implemented improvements in the safety of the Mochovce nuclear power plant was the aim of an International Atomic Energy Authority [IAEA] mission. The IAEA experts agreed that Slovak organizations' efforts and the support of international agencies have brought considerable improvements in safety.

First-Quarter Trade, Prices Assessed

AU1905093794 Prague HOSPODARSKE NOVINY in Czech 13 May 94 p 4

[Unattributed report: "Slovaks Balance the First Quarter"]

[Text] Bratislava—Over the first three months of this year, Slovakia reached a surplus of 2.2 billion Slovak korunas [Sk] in trade with the Czech Republic. Stefan Condik, chairman of the Statistical Office of the Slovak Republic (SUSR), said at a news conference in Bratislava yesterday. Imports from the Czech Republic amounted to Sk14.3 billion during this period (30.2 percent of the total imports to Slovakia), and goods worth Sk16.5 billion were exported to the Czech Republic (37.9 percent of total Slovak exports). These data do not include reexports, however. Using the statistical method according to the trading country, Slovakia had a deficit of Sk3.6 billion in trade with the Czech Republic.

Stefan Condik said that the trend of deceleration of the growth of prices emerged in Slovakia in the first quarter of 1994. Inflation rose on the whole, according to the SUSR data for the first quarter, by 2.6 percent in comparison with December of last year, and it was to a certain degree affected by the development in wages. Wages in industry rose by 16.3 percent from February to reach Sk6,291, and in construction by 15.7 percent, to Sk5,919. Salaries in retailing rose 10 percent, to Sk4,714, and in transport 6.7 percent, to Sk6,119. The average monthly wages for the entire national economy reached the amount of Sk5,400 in the first quarter, which is 14 to 15 percent (Sk700) more than in the same period last year.

There were 370,500 unemployed in Slovakia in March, which is approximately 14.7 percent of those able to work. In comparison with February (14.8 percent rate of unemployment), the number of unemployed declined by 5,500 people.

The effect of the introduction of the import surcharge became obvious in March, and the trade deficit rose by only Sk35 million. The overall balance of trade ended with a deficit of Sk3.7 billion for the quarter. Goods worth Sk47.2 billion were imported to Slovakia during the first three months of the year, which is 1 percent more than in the same period of 1993. Exports amounted to Sk43.5 billion, which is a 2.6-percent drop in the year-to-year comparison.

The value of foreign capital in the Slovak economy reached Sk11.5 billion at the end of March. That is a 6.7-percent increase in comparison with the last quarter of 1993. Austria is responsible for the main share of investments in the Slovak economy (23.4 percent), followed by Germany (21 percent). The Czech Republic (whose share rose to 13 percent) recently passed the United States (12.1) percent). Foreign capital is invested in 5,719 companies. Since the beginning of the year, 35 firms with foreign capital participation closed down in Slovakia, and another 80 firms are being liquidated.

Boross on Need for 'New Faces' in MDF

LD1805134194 Budapest Kossuth Radio Network in Hungarian 1000 GMT 18 May 94

[Excerpts] There will be a change of personnel in the leadership of the Hungarian Democratic Forum [MDF] after the second round because there is a need for new faces in the party. This will be decided at the party's national convention, Peter Boross has said at an MDF press briefing. Levente Sukosd reports:

[Sukosd] There will be no hidden or destroyed papers in the ministries and government offices. The registered [iktatott] files are stored and safeguarded and thus will be accessible to the next government, Prime Minister Peter Boross said. [passage omitted]

One of the mistakes of the existing government, for example, was its excessively strict implementation of the bankruptcy law, the prime minister said, adding: One should not just charge headlong at the economy. [passage omitted]

The expectations of the electorate are impossible to fulfill and this will become clear in the near future. All that has happened was inevitable—people have been disappointed in their illusions and now they have new illusions, Prime Minister Peter Boross said. I am not interested in a position, he said, but he added that he is willing to continue work within the party.

Jeszenszky Considers Government's Defeat

AU1805204194 Prague LIDOVE NOVINY in Czech 16 May 94 p 16

[Interview with Hungarian Foreign Minister Geza Jeszenszky by an unidentified correspondent; place and date not given: "Our Kamikaze Government"]

[Text] [LIDOVE NOVINY] Mr. Minister, how do you explain the fact that the voters dumped you after four years?

[Jeszenszky] We made a mistake in communication; we did not manage to put across our successes. Some people have claimed that, during the past month, we have been conducting a clumsy propaganda campaign of success. However, we were merely informing the people of what we have achieved. For instance, many people got back their property, something they did not even dream of in 1990.

Moreover, a campaign was waged in our country for four years claiming that we were not succeeding. It was also claimed often that we have no experts. At the same time, no Hungarian Government has ever had so many educated people, people with academic titles. It was thought that the previous communist government had the experts and that these people would be necessary.

[LIDOVE NOVINY] Did you not lose because you behaved in too authoritarian a manner, because you, for instance, discharged hundreds of journalists critical of the government from public radio and television?

[Jeszenszky] In no way; these journalists were not discharged by the government or the Hungarian Democratic Forum. The government cannot interfere in these media. Many people, especially Hungarians living abroad, are not satisfied with television and radio. They complain that these media only present our country in a bad light.

[LIDOVE NOVINY] What is your opinion of the victorious Socialists? Is it possible to talk about the return of the old communist structures or is there a young, liberally endowed left wing at the head of this party as there is in Poland?

[Jeszenszky] There are about 20 more of these Hungarian Socialists than Polish socialists and, according to some observers, they are in an even worse situation than in 1990. That is, they have no Pozsgay or Nemeth. However, I am keeping my fingers crossed for them and hope that they come up to scratch and keep their promises.

[LIDOVE NOVINY] Why did people vote for them?

[Jeszenszky] This was a typical protest vote against the government; the people did not want us to carry on. They succumbed to illusions. Hungarian communism was, during its last 10 years, more moderate than in your country. Gas and bread were cheaper then than they are today and people believe that they will again become less expensive.

[LIDOVE NOVINY] What will you do after the elections? Will you return to history, to your original field?

[Jeszenszky] I would like to. I have given a lecture once a week for four whole years. However, I will probably have to remain in parliament and supervise government policy. Former Prime Minister Antall was my history teacher, I had known him since I was 15, and I feel obliged to carry on his ideas.

MDF Spokesman Views Chances in Second Round

AU1805140494 Budapest UJ MAGYARORSZAG in Hungarian 18 May 94 p 4

[Interview with Hungarian Democratic Forum Spokesman Karply Herenyi by Janos Papp; place and date not given: "The MDF's Hopes Are Justified—One Has To Be Able To Step Down"]

[Text] It is very quiet right now between the two rounds of elections; reports are only coming in from the two prospectively victorious parties. Our correspondent interviewed Karoly Herenyi, spokesman for the Hungarian Democratic Forum [MDF].

[Papp] The MDF has become quiet in the current period of the election campaign. Why?

[Herenyi] I do not think or claim that the MDF has been pushed into the background; the focus of the election campaign has simply been moved somewhere else. Up until now, the MDF has been thinking in national terms, while we are now concentrating on local campaign tasks.

[Papp] Does the performance of the 99 MDF candidates who are still in the contest have any import?

[Herenyi] Naturally, very much is at stake in the second round. It will be decided here whether the Hungarian Socialist Party [MSZP] and the Alliance of Free Democrats [SZDSZ] will form a coalition and whether the two parties will acquire two-thirds of the mandates. If the electors decide that the Socialists alone are to govern the country, then the specter of one-party governing will again emerge. On this basis, I can also say that if the MSZP and the SZDSZ together manage to form a two-thirds majority coalition, then the same tendencies may prevail that I have already mentioned. In my view, the best solution would be if the MSZP was not able to form a government on its own, and, even with the SZDSZ, its only possible coalition partner, they were not able to reach a two-thirds majority of mandates in parliament.

[Papp] A deputy of the Christian Democratic People's Party [KDNP] announced that he would not adhere to the agreement signed by [MDF Chairman] Lajos Fur and [KDNP Chairman] Laszlo Surjan [on withdrawing some candidates in favor of the other in the second round]. Will the MDF continue to observe the agreement?

[Herenyi] The MDF is naturally adhering to the former decisions. It has to be known that the MDF has more faith in the electors' wisdom than in ill-considered statements of certain politicians. People who place individual interests above all else do not meet the approval of the large masses of society. It is a fact that the individual view of one person cannot influence or change an agreement that was made between gentlemen.

[Papp] Jozsef Torgyan, chairman of the Independent Smallholders Party [FKGP], has distanced himself from the MDF several times recently. What are your views on relations between the two parties?

[Herenyi] In spite of Torgyan's various statements, we ask the voters who have national sentiments to strengthen the FKGP candidates' access to parliament in places where they are still in the contest in the second round of the election struggle.

Republic Party Chairman Views Election Results

AU1805143994 Budapest NEPSZABADSAG in Hungarian 18 May 94 p 11

[Interview with Republic Party Chairman Janos Palotas by Aniko Kobli; place and date not given: "One Should Not React to Stupidity by Hitting"]

[Excerpts] [passage omitted] [Kobli] Regardless of society's judgment, do you think it was a mistake to only make use of your popularity in the campaign? Although this did not make the Republic Party look like a one-man party, it nevertheless was based on your person.

[Palotas] We probably need more time to analyze the campaign strategies, but I do not think this played a role in the election results. The citizens did not want to choose between people. No one was interested in what the programs of various political parties contained.

[Kobli] But one could not know in advance that this would be the case.

[Palotas] In that case, one cannot know for sure that the strategy would have failed either. The Republic Party deliberately placed the responsibility on one person, while it presented its professional programs with the help of its experts. I do not want to argue, but the Republic Party presented the largest number of experts to the public. It is impossible to tell whether this was a good campaign or a bad one according to the election results. Therefore, the concept did not fail; it is another matter whether our campaign could have focused on other things. It is possible that a simplified program would have received greater attention. This is where I see possibilities for analysis. [passage omitted]

[Kobli] Irrespective of the fact that your party has not made it into parliament, in your view is there any justification for a nonideological party in Hungary?

[Palotas] The present situation shows that there is no justification for such a party. We created a political formation that will be characteristic in Western Europe only in five or 10 years. I wanted not only to catch up with the Western processes but also to precede them. However, the present elections in Hungary were like the ones in the developed democracies 20 years ago. I do not want to lose my optimism, and I hope I will not have to come to the conclusion that there are no chances for such a political formation in Hungary.

[Kobli] According to some views, the small parties should be gathered together.

[Palotas] It was said at our National Committee meeting that the appearance of the Entrepreneurs' Party, the Agrarian Alliance, and the Republic Party as some kind of a common force would increase the voters' confidence in us. One should not be hasty, but perhaps we can talk about this after the elections. However, this requires the will of all the aforementioned parties, and we should also know better what we want. Therefore, although I do not want to make a positive result out of a negative election result, I must nevertheless say that several quite well-known political parties that have been present on the Hungarian political arena for four or five years fared considerably worse than the Republic Party. [passage omitted]

Minister Bemoans Russia's Status in 'Partnership'

LD1905131594 Warsaw TV Polonia Network in Polish 1000 GMT 19 May 94

[Text] An inaugural meeting of the government Committee for Defense Matters has been in progress for an hour. The committee is discussing a report on the state of Poland's defense prepared by the Ministry of National Defense. Defense Minister Piotr Kolodziejczyk said before the meeting that it would be a bad thing if the NATO states give Russia a privileged position in the Partnership for Peace program.

[Begin Kolodziejczyk recording] Such a solution would contradict the idea of the Partnership. It is true that Russia still remains a superpower and has the right to negotiate various treaties with the United States and with NATO as a whole, but not within the framework of the Partnership for Peace initiative, which would then become doubtful. [end recording]

According to Minister Kolodziejczyk, the reduction of Russian troops from 200,000 to 25,000 in the Kaliningrad district may be carried out soon.

Walesa Admonishes West Over 'Selfish' Policies

BR1905115194 Rome L'INFORMAZIONE in Italian 18 May 94 p 13

[Interview with Polish President Lech Walesa by Gian Franco Svidercoschi; place and date not given: "The Fall of Communism in the East: A Wasted Opportunity for Europe"]

[Excerpt] [passage omitted] [Svidercoschi] Mr. President, is the "logic of Yalta" really a thing of the past? Even the pope emphasized during his visit to the Baltic states that "the great peoples and the small peoples must enjoy the same respect for their rights."

[Walesa] Once the opposition between the two blocs, with their symbol, the Berlin Wall, had disappeared, the vision of a single Europe of free, democratic nations seemed just around the corner, a foregone conclusion. Sadly, reality has turned out to be just the opposite. Like the other Central and East European countries that have regained their freedom and sovereignty, Poland is experiencing difficulty in asserting its status as a partner on an equal footing. Our path toward European economic and security structures looks long and tortuous. European solidarity is lacking. We are running up against policies steeped in protectionism, particularly economic protectionism. It is difficult to get the West to realize that leaving our countries to their own devices may mean placing the whole of Europe in jeopardy. It may mean a relapse in the reforms. Nature abhors a vacuum, hence our campaign to widen the European security area, which in turn will only become possible with a gradual entry of the Central and East European countries into the European structures.

[Svidercoschi] Is there danger of a new bipolarity?

[Walesa] I have been saying for months that attempts to reestablish the old, bipolar order can now be seen. Indeed, what other conclusion can we draw, when others want to decide on our behalf, when Russia can lay down conditions to NATO? A situation in which the great impose their will on the small is unacceptable. The rights of all must be respected in the same way if we really want to talk about freedom and sovereignty. The highway code is the same for everyone, for large cars and small ones, but different standards are being applied here according to individual interests. How can we talk about equality in the face of so many examples of disparate treatment? Poland is experiencing this, too, and my admonition to the West is that it should beware of these shortsighted, selfish policies. I see that, despite a lot of fine words and declarations, there are still divisions in Europe, as if Europe lacked a vision, a concept of how to handle the great victory that the collapse of communism represented.

[Svidercoschi] Do you fear Russian expansionism?

[Walesa] The free, democratic Poland clearly defined its foreign policy priorities from the outset, adopting as its primary goal membership in the European economic and security structures. Russia is an extremely important neighbor of ours, and we attach great significance to bilateral relations, provided they are rooted in the principle of equality and mutual benefit. Economic cooperation with this enormous market is a must for us. I do not fear what you call Russian expansionism, despite the fact that Russia dictated conditions to us for many years. What is more, had this expansionism continued, it would not have stopped at a country like ours; it would have gone further. However, I believe that the policies of a democratic Russia will not be dominated by the imperialist designs of the past. It will find its rightful place among the other democratic countries, respecting the rules of the international community. We intend to develop every form of cooperation with a Russia of this type. This is essential for the common Europe.

[Svidercoschi] But it would appear that Western Europe has not yet realized the urgency of seizing the present historical and political moment.

[Walesa] As I have already said, my warning to Europe is not to let this moment slip through its fingers. History will judge us on this basis. We have never yet had such a chance to build a single free, democratic Europe, the Europe of the "little homelands," the Europe that, in its unity, will nevertheless allow each state and nation to preserve its own identity, the Europe where no one lays down the law for others, where the rules of the game are clear, accepted by all of the players and obeyed to the last.

[Svidercoschi] You once said that the former communists won in Poland not on the strength of the old ideology but because they were more active and better skilled in the wielding of power. Do you still think so?

[Walesa] I confirm what I said when I predicted this trend. I would add that the victory of the postcommunists is also due to the fact that our societies have had to bear the weight of reforms, which many people find hard to stand. The free market and capitalism have brought a lot of serious problems: unemployment, uncertainty about the future, and fewer social safety nets. Not everyone can become a capitalist overnight. Pockets of poverty have sprung up alongside the rapid rises to fortune. Many people see the closure of their unproductive factories, when economic figures supplanted ideology as the criterion, as unfair. Once upon a time, we all had equal shares of the poverty, but things have changed now. The rules of the market economy are paramount.

[Svidercoschi] Have mistakes been made?

[Walesa] In our inexperience, we, too, made mistakes when we came to power. In any case, the transformations in the system were quite unprecedented. Perhaps we wanted to make up for the lost years too fast, sometimes losing sight of the individual, his anxieties, his fear of the unknown. Anyway, you cannot change people's mindset overnight, and it is in this mindset that communism has its stronghold. It takes years for people to realize the extent to which the future depends on their own capacity for action, for running things, so the reaction of people who are disappointed and look back with longing at their former security, regardless of the poverty, comes as no surprise. But they will have to get it into their heads that you never jump into the same river twice, and there is no going back. This is already evident in Poland, as the recent wave of strikes has shown. Our chances lie in reforms. I know they are difficult, but we have to pay this price. We have to do everything to ensure that the price remains as low as possible, particularly for the weaker layers of society.

[Svidercoschi] Can Solidarity have exhausted its entire potential in terms of ideals?

[Walesa] Solidarity, which came into being in 1980, has ensured a place for itself in history. It was a social movement that enjoyed an incredible strength and role in Poland and Europe. But the time for fighting is different from peacetime. It poses different challenges. Solidarity continues to seek its identity, whether to take on the role of a political force or to remain a union defending the interests of the grass roots, which are now made up mainly of workers in the major factories. Solidarity has encountered great difficulty in resolving this dilemma over recent years. As a movement that contributed to the collapse of the communist system and launched the process of economic, political, and social reforms, it has often found itself at a crossroads: Should it act as a protective umbrella for the various governments that have emanated from it or as an opposition in the event of government policy diverging from the interests of the union grass roots?

[Svidercoschi] And what has it decided?

[Walesa] The turning point came with the Solidarity campaign that culminated in the fall of the government led by Hanna Suchocka and cleared the way for the postcommunists. Solidarity is now increasingly opting for a union role, but I believe that the country's sense of responsibility and the overriding national interest will prevail over the particularisms of the union and its leaders. I believe that Solidarity will not discount what it has fought for, and it will remain moderate and circumspect in its demands.

[Svidercoschi] Mr. President, you will be attending the commemorations at Monte Cassino [Italian World War II battlefield]. What significance does that 50-year-old page in history have today?

[Walesa] For many Polish soldier-exiles, the journey to their homeland, from which they had been forcibly uprooted, ended at Monte Cassino. Before reaching it, they had crossed half the world, surviving the concentration camps and prisons of the "inhuman land." However, their dream of a return to Poland faded in Italy. All they had left was a last wish engraved in stone: "Passerby, tell Poland we fell in its loyal service." Poland has not forgotten, even though there have been those who have tried to wipe out the memory.

[Svidercoschi] There were the communists in Poland...

[Walesa] Many of those who decided to return were persecuted, humiliated by the new power imposed on the Poles. General Anders, who had led them back to Poland, was stripped of his citizenship. But people's memories and hearts do not change by decree. The spirit of a nation cannot be imprisoned, nor can its freedom be taken away.

[Svidercoschi] They had fought for the freedom of Poland and Europe.

[Walesa] Although the battle of Monte Cassino did not change the course of our history, the sacrifice was not made in vain. It was part of Poland's contribution to the victory of democracy and freedom over Nazi barbarism. It was a contribution to the rebuilding of a free, democratic Europe. Sadly, there was no place for us in this Europe. But, had it not been for that battle, we would have found it much more difficult many years later to transform the dream of a free Poland into reality. We always remember it, and it is our wish that Europe remember it, too. Our wish is that no one should ask whether we are entitled to a place in the community of free, democratic European countries.

Silesian Expellee Leader on Ties to Poland

PM1805154894 Opole NOWA TRYBUNA OPOLSKA in Polish 11 May 94 p 4

[Interview with Herbert Hupka, chairman of the Silesian Expellees Union and president of the East German Culture Council Foundation, by correspondent Anna Fastnacht-Stupnicka; place and date not given]

[Text] [Fastnacht-Stupnicka] Was the East German Culture Council Foundation, of which you are president, established by members of the Expellees Union?

[Hupka] Its first president was a native Pomeranian, the second was a Sudeten German, and I, the third, am a Silesian. The foundation is governed by Article 96 of the Expellees Union, which states that the expellees' cultural heritage should be documented, cultivated, and kept alive in an ongoing process. It is often said that the year 1945 was "year zero" for the Germans, that some new process began at that time. I do not hold that view. The expellees carried with them invisible baggage of their own culture. It is our task to keep that culture alive. We are not interested in preserving it in museums, and we do not deal exclusively with the past. Among other things, the foundation organizes competitions for the best short stories and academic dissertations that deal with the present time and look into the future.

[Fastnacht-Stupnicka] Apart from organizing lectures on the architectural heritage in Poland, do you also envisage helping financially to restore cultural heritage sites?

[Hupka] Of course, money is needed if we are to save such places as, for instance, Lubiaz Castle from falling into ruin. But first and foremost we are concerned about making everyone aware of the importance of this cultural heritage site and informing the public about its present condition. We could mobilize financial assistance through well-planned joint action.

[Fastnacht-Stupnicka] Many such sites in Poland suffered neglect in the past decades, but we must not forget that the most extensive damage to material and intellectual cultural goods was done by and during the war. Is the concern that Germans show over these goods now an attempt at atonement?

[Hupka] Perhaps we should formulate this problem differently. For us, the originating force behind our action is the Polish-German good-neighbor treaty, which, among other things, obliges Poles and Germans to assume joint responsibility for goods representing cultural heritage. Jan Jozef Lipski was aware of this obligation when he wrote: "The principal duty is to prevent deterioration and destruction of material objects of cultural heritage. To tolerate and allow their deterioration, to undervalue their cultural significance only because they do not belong to 'our' culture, or to attempt to 'erase' their German origin is to show Polish patriotism in a very unfavorable light." So our concern for these goods is not some kind of atonement on our part, as you suggested, but attests to our determination to put into practice the provisions of the Polish-German treaty.

[Fastnacht-Stupnicka] Before the treaty was signed, the Expellees Union protested against it very strongly. Have you by now accepted its provisions on good-neighborly relations and inviolability of the existing borders?

[Hupka] Once a treaty is signed by both sides, it must be respected. It must be acknowledged, recognized, and accepted. We are all opposed to the sort of thing that is currently happening in Yugoslavia and to the ethnic cleansing taking place there. In the same way, I am opposed to the idea of expelling people from their homeland. Let me recall here the words spoken by Vaclav Havel, who said that the expulsion of the Germans was not an act of squaring accounts for the wrongs suffered but one of revenge. It is my wish to see Poles and Germans jointly condemn the expulsion of the Germans as a criminal act.

[Fastnacht-Stupnicka] But was not the war that led to it the ultimate crime?

[Hupka] Of course, the war was a crime perpetrated against us all by Hitler and Stalin. Nevertheless, you must remember that the invasion of France and Belgium was a crime, too, yet no one was expelled from those territories. One crime should not generate another.

[Fastnacht-Stupnicka] Do the expellees want to return here?

[Hupka] The right to one's homeland and to self-determination is a recognized right and, as such, should be respected. Once Poland has become a member of the European Union, everyone will be able to decide where they want to settle. The problem will automatically cease to exist.

[Fastnacht-Stupnicka] Is this why Germans are so eager to see Poland join the European Union?

[Hupka] We are all Europeans. We cannot place Poles lower than the Danes, or any other nation. Everyone in Europe should belong to the Union, and there are no hidden agendas in what I am saying. However, some people in Germany, just as in Poland, are opposed to the idea of "accelerated" integration.

[Fastnacht-Stupnicka] People in Poland associate your name unequivocally with revisionism. However, for some time now your utterances have seemed to acquire a more conciliatory tone. Does this mean that you are changing your views?

[Hupka] We have never been advocates of revanchism. I have not changed, nor have I ever expressed anti-Polish sentiments. It was just that my views were presented and interpreted by others in that way for the past 40 years.

[Fastnacht-Stupnicka] How do you like what you see in Polish Silesia nowadays? Have you noted any changes for the better in recent years?

[Hupka] This is my fifth visit here since 1990. Of course, many things have changed for the better. But I should say that things are still not changing fast enough. It could be that this assessment is colored by my temperament.

[Fastnacht-Stupnicka] What do you think of the recent incident provoked by skinheads in Dziewkowice or the disruption of the celebrations commemorating the 3

May Constitution and the Silesian uprisings, which happened recently at St. Anna's Mount?

[Hupka] We are, of course, very critical of these incidents. We call such phenomena nationalism and chauvinism, but we do not generalize their occurrence and claim that they represent a specifically Polish trait. Those people are simply extremists. We are equally opposed to similar things happening in Germany now, such as attacks against the Turks, and we would not like these phenomena to be generalized and held against all Germans, either. We want to bring down barriers, not erect new ones.

[Fastnacht-Stupnicka] Thank you for talking with us.

Head of Military Cadres Department Interviewed

WS1905070094 Warsaw POLSKA ZBROJNA in Polish 18 May 94 pp 1-2

[Interview with General Roman Harmoza, head of the Cadres Department in the Ministry of National Defense, by Tadeusz Mitek; place and date not given: "The First Principle Is Justice"]

[Excerpts] [Mitek] General, during one of your press conferences not long ago, you spoke about a new cadre policy for the Defense Ministry. This is a very broad and general term. Let us, then, explain right at the beginning our cadre policy and its inherent novelty.

[Harmoza] We should, perhaps, replace the word "policy," which, indeed, is very voluminous, with the word "strategy," which means preparation for something we may face. It is necessary to take a look at the cadre issue from such a long perspective because the entire political system of the state and of the Armed Forces is being transformed. Therefore, we must think about what kind of soldiers we will need, with what professions and personalities, so that they will be able to find their niches in the European security structures we are entering. Thus, one of the goals of our activities is to prepare a new model of the professional soldier. We are doing this starting with the military education system.

[Mitek] More specifically, what concrete cadre activities make up this novelty you have mentioned?

[Harmoza] We have introduced establishments and rules typical of an army in a democratic state, such as the apolitical character of the Army, ensuring freedom of religion and religious practices, granting the right for a soldier to resign—that is, the right of terminating the service relationship. We have created the possibility for appealing many personnel decisions related to the rights of the soldier, including decisions on dismissal from the professional military service. We have introduced a system of contract service and inactive state. These are all modern solutions that correspond to those that exist in the armies of Western countries.

[Mitek] However, is what we are discussing now not an abstract idea? Activities relating to cadre issues must be correlated with the entire structure of the Armed Forces, with the concept of restructurization, and with legislature concerning the defense system. All this is still in the stage of creation. How certain can we be, then, that the solutions that have been accepted are correct? Do we know where we are heading?

[Harmoza] You need not worry about that. The ministry, the General Staff, and the Polish Army know how the final structure of the Armed Forces should look. We are now going through the stage of discussions concerning how it should be reached. There is no use in concealing the fact that money is behind all of the problems that are arising. This is a costly operation. Even the operation of decreasing the number of professional soldiers is expensive because people do not just disappear—they still receive money from the state budget as reservists. Even the rich country of Germany has recently been experiencing the same problems, which only proves the scale of these difficulties. There is also the question of how to implement reform, the goals of which we know, and keep costs low, and also how to do this in such a way as to not be unfair to people.

[Mitek] That is correct. This feeling of injustice and concern is not uncommon among the cadres. There are also still doubts concerning the criteria of cadres activities. They were often interpreted as varying with the situation, dependent upon the configuration of power, calculated to meet the temporary interest of the ministry. Our daily receives many letters that suggest that it is still not certain whether the person who serves honestly and satisfies all of the criteria required will achieve the goals he has placed before himself in the service. Another restructurization idea or a new personnel configuration in the ministry will not stand in his way.

[Harmoza] I agree with you that there are such concerns among the cadres; I have recently visited many units, and I can confirm this. I want to say that one of our chief goals is to calm such moods. No one in the Ministry of National Defense is going to change the criteria that were in effect when a given professional soldier came into the Army. He concluded an agreement with the Army, and it is our duty to stick to it. The Army ensures every professional soldier the opportunity of working long enough to be entitled to a retirement pension. [passage omitted]

[Mitek] General, you have announced that you will make the Army younger. This statement has raised various fears, among others, because some are afraid that pretexts will be sought to make the Army younger. I will ask you bluntly: Are we going to witness dismissals among the cadre?

[Harmoza] I want to stress, as I have already done, that we will not seek any pretexts or methods to dismiss someone because he is nearing some age limit. However, there must be an awareness that rules will be applied

rigorously—for example, the obligatory age limit for cadre dismissals, which is envisioned in the pertinent law. Everyone knows this regulation, and no one should be surprised that he ought to go.

At the same time, conditions must be created for individuals who want to leave earlier to be able to do so, after obtaining certain rights, and to arrange their lives anew.

I will stress once again that there will be no restrictions in the form of earlier dismissals. The rejuvenation of the Army will be a complex process, scheduled to take place over at least eight to 12 years. [passage omitted]

[Mitek] I think, General, that our readers would be resentful if I did not ask you whether there are any guarantees that there will no longer be the principle of promotion in line with the popular rule called PMF—passive, mediocre, but faithful. Is it really a thing of the past?

[Harmoza] The popularity of what you have just mentioned concerns the realm of jokes rather than reality. There was a time when such jokes were given publicity—perhaps for some deeper purpose...

[Mitek] Just as about every sphere of reality—however, there is no smoke without fire. What I was referring to were guarantees of objectivity in the promotion criteria, optimal selection for posts.

[Harmoza] As I have said, we have rejected the ideological criteria for evaluation. We will take into account universal criteria pertaining to professional expertise, to the morale of an officer. They are concrete and verifiable, and not much can be faked or concealed here. This provides the guarantee, or at least a considerable probability, that those who are indeed the best in the military will be promoted.

[Mitek] The entire Army would also like to have one more guarantee—independence of the decisions, trends, or the cadre policy in the Defense Ministry of the politics spelled with a capital P, of personal configurations in the upper structures of authorities, and of the subjectivity of these authorities.

[Harmoza] It is obvious that we are exerting efforts to make the cadre practice in the ministry apolitical. I believe, however, that certain rules of activities and behavior are already obvious. They will also be forced by our participation in Western military structures, where certain standards have been set. This does not mean that we must learn or imitate everything in the cadre work. Our Western partners consider many of our solutions to be model solutions. [passage omitted]

Report Views Economy in Transformation Period

WS1905095394 Warsaw NOWA EUROPA in Polish 19 May 94 p 3

[Article by "RYCH": "Private Sector Is the Winner; Poland in the Period of Transformations"]

[Text] *The Polish economy is in a transitional period, which by its very nature makes assessments of phenomena occurring in the economy difficult. Depending on the viewpoint, the same indicators may be interpreted in a number of different ways. An unclear picture emerges as a result of positive phenomena intertwining with negative ones, say the authors of a report entitled "The Polish Economy in the Period of Transformations in 1993," which was prepared by the Development and Strategic Studies Institute.*

Among the unquestioned positive phenomena, one should list an increase in the GDP, the increasing profitability of enterprises, growing labor productivity, and a halting of the process of declining employment levels. Among the negative phenomena, one must mention inflation, which remains too high, a foreign trade deficit, and a crisis in public finances.

In discussing the report, Professor Marek Lubinski said that growth in individual consumption is the main source of economic revival. Last year, the indicator was 7 percent, with a 3.6-percent growth in income. This happened at the cost of a decreased willingness to save and as a result of using consumption credits (the society's debt level is on the increase). Undocumented income from the "gray area" has also definitely influenced the market. On the other hand, however, one must consider the fact that Polish society's consumption is overvalued. About $2.5 billion worth of merchandise per year leaves our country primarily in the suitcases of visitors from Germany, and recently from the CIS as well.

Among the positive phenomena, one should list a change in the structure of the economy, which is reflected in the economic indicators. The private sector has been playing an ever-growing role in the economy. The sector demonstrates a higher level of investment activity and increases the employment level, and its contribution to the GDP has been growing. As Jerzy Kropiwnicki has noted, this happens, among other reasons, because of the process of a shrinking public sector. But there is no doubt that private entrepreneurs are not wasting opportunities that arise in this way.

Investments in real terms did not decline in 1993, but what did happen was a certain shift in these investments. The biggest increase was reported in the telecommunications industry, trade, and the wood and paper industry, while the smallest increase was reported in the metallurgic and electromachine industries. Expenditures on machinery and equipment have been clearly rising, while expenditures on industrial buildings have been declining. This trend is a reflection of a leaning toward modernizing machinery and equipment.

Unfortunately, the crisis in public finances has been holding steady. True, in 1993, attempts to halt a decline in budget revenues were successful, but the contribution by so-called rigid expenditures (financing the budget sector, subsidizing social insurance, servicing the public

debt) has been rising. This makes it impossible to make rational choices in the process of managing public finances.

Throughout 1993, the rate of increase in unemployment was declining. In previous years, the rate of increase was associated with reductions in employment, whereas, in 1993, it was associated mainly with an increased labor supply, which enterprises found impossible to absorb. In this regard, the situation in agriculture continues to be very difficult; concealed unemployment has been gradually rising there.

The report's authors are of the view that there is untapped production potential in the Polish economy, despite a very clear improvement in how fixed assets are utilized.

Results of Opinion Poll on Rate of Privatization

WS1905112094 Warsaw GAZETA WYBORCZA in Polish 19 May 94 p 15

[Article by "kob," "wk": "Barrier to Privatization"]

[Text] *Every third person polled in an April survey conducted by the Public Opinion Research Center [CBOS] thinks that, six months into left-wing rule, privatization is continuing at too slow a pace.*

When Pawlak's government was being formed, over one-third of respondents were afraid that the rate of privatization might be slowed down. Currently, almost 70 percent think the government has neither speeded up privatization nor slowed it down.

Let us recall that, over the first quarter of this year, only three enterprises were subjected to capital privatization (the smallest number since 1990.) Between the beginning of 1990 and September of last year, 76 companies were sold through capital privatization. The biggest number (23) changed owners in the first half of 1993.

Twelve percent of the CBOS respondents think that the government's lack of interest is the main obstacle in the privatization process.

A definitely larger number of respondents think that politics is not the main reason behind reducing the rate of transformations. According to those people, privatization is being slowed down first of all by lack of Polish capital (47 percent), poor legislation (44 percent), and the bad economic situation of enterprises (41 percent).

Those who think privatization is beneficial for the economy come primarily from the managerial cadre and intelligentsia. They also reside in large cities, have higher education, are well-off financially, and sympathize with right-wing political parties.

Every fifth respondent is convinced of the harmful effects of privatization on the economy. This view is predominant among farmers, the poorest members of society, and those holding left-wing views.

A significant proportion of respondents remain afraid of the effects of privatization on the company where they work.

For almost half of all employees of state-owned enterprises who were polled, privatization brings along more fears than hopes for a better future. They are afraid that privatization will mean the end to guaranteed employment and that the level of social benefits will deteriorate. Respondents who view as positive the effects of transformations on the company where they work say that labor discipline and labor efficiency will increase.

"The poll's results may mean an increase in social support for a continuation of policies of Solidarity-derived governments. Respondents are beginning to reconcile themselves with the notion that the election programs of the Democratic Left Alliance and the Polish Peasant Party were just part of the election game," write CBOS commentators in their concluding remarks.

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The poll, entitled "Society's Position on Privatization After the First Six Months of Left-Wing Rule," was conducted between 14 and 18 April on a sample of 1,207 adult Poles.

Measures To Increase Exports Announced

WS1905084694 Warsaw NOWA EUROPA in Polish 19 May 94 p 1

[Article by "K.P.": "KERM Adopted a Program of Cooperation With the East; Fifty Percent of Export Growth by 1997"]

[Text] *The Council of Ministers' Economic Committee [KERM] has prepared a time schedule for measures that are necessary for an increase in Polish exports. Speeding up the rate of trade with the East is regarded as especially important.*

KERM adopted a program entitled "Principles of Economic Cooperation Policies With Countries of the East and East Asia," which is an integral part of "Programs Supporting Eastern Policies," which is being recommended to the Council of Ministers.

In recent years, our trade exchange with countries of the former USSR and some countries of the East has suffered a substantial decline.

According to the principles adopted by KERM, at least a partial reconstruction of our economic relations with the East is to become an important element of Poland's trade policies (this applies also to the fast-growing countries of the Pacific region and China). As Deputy Prime Minister Grzegorz Kolodko said, Polish exports in that direction should be increasing at a clearly faster rate than exports to the remaining countries of the world. The deputy prime minister insists that we should continue trading despite the fact that sometimes transactions are

dangerous and that there are problems with payments, while barter constitutes a significant portion (35 percent) of the exchange.

Deputy Prime Minister Kolodko's assumption is that Poland's economic growth will be occurring through increased exports. He said he believes that growth will continue at a level of approximately 4.5 percent. But, for exports to be "the motor" of general economic growth, the rate of development of exports must exceed by half the rate of development of the economy in general. The structure of our exports should be changed toward greater participation of investment goods. A negative balance of payments in merchandise and monetary exchange (which is in the range of $700 to $800 million) is also a disadvantageous phenomenon. Kolodko expects trade exchange with that region of the world to reach the amount of $7.6 to $7.8 billion by 1997 (as compared with approximately $5 billion currently, which is 40 percent of the amount from 1990).

In the assessment of KERM, direct reserves of increases in exports eastward have already been exhausted. It was announced that a review of procedures applied in returning taxes (VAT [value-added tax], customs duties, investment breaks) associated with financing cooperation with that region shall be implemented over the next five weeks. Interest rates on credits in investment exports shall be subsidized. Principles of payment with Eastern partners will also be put in order. Systemwide protection of the exchange is being prepared (setting in motion guarantees provided by the Corporation for Export Credit Insurance). A fund for state-provided guarantees in this kind of trade is said to reach the amount of $1.1 billion.

Joint Meeting Ends Without Decision on Energy

WS1805122294 Warsaw NOWA EUROPA in Polish 18 May 94 p 2

[Article by "E.W.": "Trilateral Commission Debates Energy Industry and Budget Sector—A Meeting Without Decisions"]

[Text] *After more than five hours of debate, representatives of trade unions, employers, and the government failed to come to common decisions regarding prices of energy carriers and the level of salaries in the budget sector. The commission will return to the problem of the budget sector before the end of the week, while specific decisions regarding prices of energy carriers are to be made on 6 June, which is when the Main Statistical Office, the Central Planning Administration, and trade unions will present materials regarding the proportion of Polish families' budgets spent on energy expenditures.*

An increase in prices of energy carriers is a life-or-death issue for the energy industry, Deputy Finance Minister Waldemar Manugiewicz stated after the debate was over. He reported that, in line with government plans, the level of economically justified prices shall be reached in the energy industry in the year 2000. Before that date, however, investments necessary for modernizing the branch will total approximately 3,000,000 billion zlotys [Z]. The trade unionists reminded participants in the meeting that over 40 percent of Polish families spend between 12 and 18 percent of their incomes on energy, while, in families whose incomes do not exceed Z1.2 million [per month], the amount reaches 20 percent. Solidarity is of the view that official regulation of energy prices has an inflationary effect: Enterprises are aware of planned increases in advance, and they decide to increase prices on their products beforehand. The trade union suggested that energy prices be frozen for a year against inflation.

The government's proposal of a law regarding the regulation of salaries in the budget sector raised reservations of the trade unions and employers. According to the document, the Council of Ministers is supposed to present to the Trilateral Commission proposals for percentage-based remunerations in the budget sector for a following year,. The commission would then have a month in which to arrive at a joint position. If no agreement were to be reached within 30 days, the government would take into account the amounts in line with its proposals in the budget for the following year. The government also presented a proposal for regulating the powers of the Trilateral Commission. As A. Baczkowski informed, the principle of consensus is supposed to be the main principle of decisions. If the parties do not reach an agreement, the position worked out by them would only be of an opinion value for the Council of Ministers and the parliament; it would not influence the shape of the final decisions, Baczkowski explained. We do not agree with the proposition because we think the government may come up with a low level of salaries, Solidarity argued. The All-Poland Trade Unions Agreement [OPZZ] also opposed the proposal by saying that the issue of salaries in the budget sector cannot be a reason for problems that occur every year. According to the OPZZ, the only acceptable solution would be to design minimum financial guarantees for the budget sector.

PDSR Welcomes WEU Decision on Status

AU1805151094 Bucharest Radio Romania Network in Romanian 1300 GMT 18 May 94

[Text] The Social Democracy Party of Romania [PDSR] welcomes the recent decision of the Western European Union [WEU] Council of Ministers to grant Romania the status of WEU associate partner—a faxed communique signed by PDSR Executive President Adrian Nastase states today. The communique points out that, thanks to this decision, the Romanian Government has taken yet another step along the road to the country's integration into European structures.

Romania's admission to the WEU's political and military structures, the communique reads, proves that Western Europe has adopted a nondiscriminatory approach and is promoting a significant opening toward the countries in this part of the continent.

In conclusion, the PDSR wants to reiterate once more that Romania's full integration into European and Euro-Atlantic structures is a priority goal and that not only Romania's security but also the success of the transition process toward the social market economy, the establishment of the rule of law, and the country's socioeconomic progress depend on achieving this goal.

Melescanu on Importance of Rights Documents

AU1905064994 Bucharest ADEVARUL in Romanian 12 May 94 p 1

[Interview with Foreign Minister Teodor Melescanu by Cristina Trepcea in Strasbourg on 11 May: "Romania at the Council of Europe"]

[Text] The ceremony to sign Protocol 11 of the European Convention on Human Rights and Fundamental Freedoms took place in Strasbourg on 11 May during the session of the Committee of Ministers of the Council of Europe. This is a key document of the Convention, which, among other things, stipulates the rights of citizens to turn directly to the Court for Human Rights—obviously, only after all rights to appeal in the national legal courts have been exhausted. The court in Strasbourg has the right to cancel their decisions. On behalf of Romania the document was signed by Foreign Minister Teodor Melescanu. Immediately after signing the document, the minister gave the following interview to the daily ADEVARUL:

[Trepcea] Minister Melescanu, what does the signing of this protocol mean for Romania?

[Melescanu] The signing of Protocol 11 for us fortunately coincides with the ratification by the Romanian Parliament of the European Convention on Human Rights. The signing of the protocol completes an effort that started on the day when Romania was admitted to the Council of Europe, an effort aimed at connecting Romania to a system not only of international standards on the issue of human rights, but also of verification of the way in which these standards are being observed. For us, there will be certain advantages in starting to apply the convention—after a very short period of adaptation—to the new system with a single and permanent European Court and with a much simpler mechanism to solve all cases that refer to Romania. It will also be a very interesting challenge because, as the rule demands it, first of all, one should exhaust all means of internal appeal and thus, we, as citizens, will have to resist the temptation to bring every difficulty or problem to Strasbourg. I hope that once this system comes into effect, we will receive the necessary assistance in order to make known all the advantages for us and beneficial conditions of this system. For us, this is an extremely important step on the road of connecting Romania to the European democratic standards.

[Trepcea] Protocol 11 is considered to be the most important protocol of the European Convention on Human Rights and it is a complex instrument that controls the respect of individuals' rights. How will this instrument function in Romania and when do you believe that it will be ratified?

[Melescanu] As a first stage, I would like us still to be able to use the old system in two stages. If the government accepts it, in the near future we will try to adapt to the requirements of the convention, from the viewpoint of the internal legislation as quickly as possible. Then, I believe that it will be two years before Protocol 11 comes into effect. My recommendation would be that, in this first period, we should make preparations so that we can be among the first countries that will ratify the protocol. There is no point in making a gratuitous gesture, such as ratifying it before it comes into effect. Let us concentrate on the fastest possible integration of the current system and of the Romanian legislation in the provisions of the convention, as it is today.

[Trepcea] Here one gets the impression that the officials in Strasbourg would like the period that separates us from the coming into effect of the protocol to be as short as possible, because of the presence of the Russian Federation at the gates of the Council of Europe.

[Melescanu] Yes, this is true that there is this political desire. There are also practical reasons, because the current difficult mechanism lessens the credibility of the system for protecting human rights.

'Special Telecommunications Service' Described

AU1805165494 Bucharest COTIDIANUL in Romanian 16 May 94 p 4

[Report by Anca Lazarescu: "What Is the Special Telecommunications Service, What Does It Aim To Do, and To Whom Is It Subordinated?"; all figures as published]

[Text] On 7 June 1993 MONITORUL OFICIAL published Government Decision No. 229 of 27 May 1993 "on certain measures related to the organization and functioning of the Special Telecommunications Service"

[Serviciul de Telecomunicatii Speciale—STS]. Assuming the very likely hypothesis that our readers have never heard of that so-called "special" service before, we have to reassure them that there is no reason for them to be excessively worried or surprised, because it had already functioned before the aforementioned government decision was published—originally within the DIE [Department for Foreign Intelligence] and, after the revolution, within the Ministry of National Defense. Aside from this, our readers can be "relaxed" also considering that our parliamentary representatives know exactly as little about STS as they do. Or, at least, that is what some of them claim. Being aware or not of what the STS actually is, quite soon our representatives will have to take a vote on the budget of that institution. In the draft law on the state budget, the government earmarked 21 billion lei for the STS. Is that a lot or is it little? It depends on the angle from which one looks at it. Making a simple comparison, let us merely remark that for the Ministry of Telecommunications the 1994 state budget allots 8.4 billion lei. I let you reach your own conclusions.

Article 1 of the government decision signed by Prime Minister Nicolae Vacaroiu, Finance Minister Florin Georgescu, [former] Defense Minister Niculae Spiroiu, and Telecommunications Minister Andrei Chirica stipulates: "The STS is a special central body in the domain of special telecommunications."

Thus, as a "central body," the STS is actually a kind of a governmental structure. As a matter of fact, Article 4 stipulates: "The STS is led by a director, the office of whom is equivalent to those of secretaries of state, while the office of his deputies to those of undersecretaries of state."

Basically, "the organization, the functioning, and the principal attributions of the STS are established by the Supreme Defense Council of the country." (Article 2)

The STS cooperates with the institutions belonging to the national defense system, but also with the Ministry of Telecommunications, in accordance with Article 3, carrying out the following activities:

a) Administers, develops, and exploits special telephone communication networks and data transmission networks;

b) Administers, develops, and exploits the TO [Telecomunicatii Operative] interurban teleconference network;

c) Administers, develops, and exploits the special radiocommunications network, which consists of stationary and mobile radio-communication networks and radio relays;

d) Manages the radio-electric frequency spectrum used by the government;

e) Ensures the protection of the telecommunication networks being responsible for the carrying out of the activities of radio-electronic surveillance, special technical checking measures, and the introduction of appropriate codifying [aparatura secretizata] equipment;

f) Carries out or approves all investments and equipping works in the domain of special telecommunications listed in the appendix of the present decision;

g) Carries out collateral activities needed for the achievement of the goals of its activity: Ensures its own technical-material supplies, including importations in concordance with the current legislation, engages in technical and informational research and design, and ensures training, medical assistance, and social-cultural activity for its personnel;

h) Ensures liaison with international bodies in that branch.

To this lengthy list of clouded and uncontrollable activities (the National Defense Council can supplement them by assigning it further tasks!) the STS is to carry out, let us add the explanations given by Tatiana Francu, the head of the STS Department for Relations with the Public, explanations that were published in the review EXPRES in virtue of the right to reply: "The STS is a special military body in the domain of telecommunications, working for the public authority and the central and territorial bodies of the state administration, and which ensures the cooperation link among the institutions belonging to the national defense system."

The Special Telecommunications Service

The State Budget Over 1994 (in thousands of lei)	
Total expenditures	20,995,700
Running expenditures	13,390,300
Personnel expenditures	7,092,200
Expenditures for materials and services	6,298,100
Capital expenditures	7,605,400

The Ministry of Telecommunications

The State Budget over 1994 (in thousands of lei)	
Total expenditures	8,400,356
Running expenditures	841,900
Personnel expenditures	367,425
Expenditures for materials and services	474,555
Capital expenditures	7,558,376
PUBLIC AUTHORITIES	484,000
Running expenditures	459,000
Personnel expenditures	362,700
Expenditures for materials and services	96,300
Capital expenditures	25,000

Will the STS Take Over One Part of the "Tasks" of the Romanian Intelligence Service?

Everything would be all right, as it is normal that such a service should exist, if there were no doubts in connection with the way in which the STS was founded and the goals it actually pursues. The mystery surrounding it and the lack of any democratic control over its activity obviously generate suspicion.

According to the report elaborated by the APADOR [expansion unknown] Association—Helsinki Committee, Government Decision No. 229 of 1993 is unconstitutional, because according to Article 107 of the Constitution, "government decisions are issued to organize the carrying out of laws." However, in this case there is no law the implementation of which would make necessary the setting up of the aforementioned service. What is even more, Article 1 of the government decision does not even mention the setting up of the service, but rather resumes purely and simply to define it.

On the other hand, if this service is really a military body working for the institutions of the national defense system, in that case, according to Article 117 of the constitution, the STS could not possibly have been set up without Parliament's passing an organic law on its establishment. However, if the STS does not have a military nature, then why does the government decision fail to define what "special telecommunications" are and why is it that "the special telecommunication networks detailed in the appendix to the present decision are sent to the interested persons, only"? Regardless of how one looks at it, Government Decision No. 229 contradicts the Constitution.

Unfortunately, Parliament can in no way exert control over this service. According to the Law on National Security, the number of intelligence services is limited to six. The STS is not mentioned among them. Until now Parliament has been exerting control solely over one of them, namely the SRI [Romanian Intelligence Service].

Could it be that the STS was founded especially to take over one part of the SRI's activity (such as the wiretapping of telephone conversations) and thus bypass any control? Under the circumstances of the total lack of openness and the numerous ambiguities they make use of, everything is possible.

Krajisnik Sees 'Many Difficulties' in Partition

AU1805143794 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 18 May 94

[Text] The latest Geneva declaration and the division of the former Bosnia-Herzegovina into two parts is acceptable for the Serbian side in principle, but there will be many difficulties concerning the envisaged percentages. This was stated for SRNA by Momcilo Krajisnik, chairman of the people's assembly of the Serbian republic. I do not want to prejudice any solutions, but at this moment I do not see any way of satisfying Croatian-Muslim demands, Krajisnik said.

The Serbs do not want anyone else's land. We are defending our ethnic regions in the former Bosnia-Herzegovina, and following this principle, the Serbian side is prepared to give up part of the territory that is holding at present, even some land that it owns, which amounts to 64 percent, for the benefit of creating the compactness of the state, Krajisnik said.

For the principle, the Serbs will give up parts of the territory, but only up to the percent that will not endanger the vital interests of the Serbian people. These interests are the definitive separation from the Croats and the Muslims and a compact state territory, which above all means a corridor through the Posavina region, the chairman of the Serbian republic assembly explained, adding that other strategic interests of the Serbian people, which cannot be given up at any cost, are the ethnic regions along the Una, Drina, and Neretva Rivers.

The Serbian side has many objections to the Geneva declaration, but we are currently ignoring them for the benefit of the positive shifts, thus leaving room for ending hostilities and searching for a mutually agreed solution, Momcilo Krajisnik stressed in his interview with SRNA.

Krajisnik: Cochairmen Agree on Maps

LD1905091894 Belgrade TANJUG in English 0905 GMT 19 May 94

[Text] Belgrade, May 19 (TANJUG)—The speaker of the Bosnian Serb republic parliament, Momcilo Krajisnik, said on Wednesday that the cochairmen of the conference on the former Yugoslavia, Lord Owen and Thorvald Stoltenberg, have agreed with the stand of the leadership of the Bosnian Serb republic (R.S.) that the maps, determined in Geneva on May 13, significantly encroach upon the integrity of the R.S. and promised they would work on a better solution.

The formula of the European Union on the division of the former Yugoslav republic of Bosnia-Herzegovina was accepted at the ministerial meeting in Geneva, where agreement on a joint strategy towards the conflict in Bosnia-Herzegovina was reached. Under the E.U. formula, 51 percent of the total Bosnia-Herzegovina territory would go to the Bosnian Moslem-Croat federation, agreed in Washington under U.S. pressure, while the Serbs would get the remaining 49 percent.

"With regret I conveyed to the cochairmen the conference on former Yugoslavia, Lord Owen and Stoltenberg, the stand that the presented maps seriously encroach upon the vital interests of the Serb people because they have been made to satisfy the Moslem-Croat side and not all three sides," Krajisnik said in a statement to Radio Jagodina.

Taking into consideration that the proposed maps encroach upon the integrity of the Bosnian Serb Republic and the fact that they are a poor solution if quality is taken into consideration, it will be, as Krajisnik said, very difficult to arrive to a just solution, i.e. a consensus.

The cochairmen promised they would convey the objections voiced by the Serb side to the contact group for Bosnia, Krajisnik said.

Zubak Opposes 'Hasty' Moves in Federation

AU1805153394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 18 May 94

[Interview with Bosnian Croat leader Kresimir Zubak by Amir Hodzic in Geneva; date not given—recorded]

[Text] [Hodzic] Mr. Zubak, [words indistinct] of the negotiations between the Bosniak and the Croatian sides?

[Zubak] I think that the issues that we discussed in Vienna were in fact the most difficult ones, and the most testing ones for the implementation of the Washington Agreement, that is, for the implementation of the Federation Constitution. This is of utmost significance since we have now overcome the most difficult problems.

[Hodzic] You were here in Geneva for the meeting of the contact group for Bosnia-Herzegovina. How would you comment on their joint statement?

[Zubak] That communique issued by the European Union, that is, [words indistinct] and the United States, is completely in line with what we agreed on. However, it is questionable in those parts where it refers to possible territory for the Federation after the demarcation, that is, if the [word indistinct] accept to join it. As far as I personally am concerned, I think that the Federation has to be a geopolitical whole, to be tenable, that is, that it can function as a state community. It has to have communications and road connections, it has to be economically strong enough to provide security for its citizens, and a standard of living that is normal, that is, a standard of living that is equal to the European one.

[Hodzic] In your view, what are the next top priority tasks [words indistinct] in order to implement the Federation Constitution and the Vienna Agreement on the ground?

[Zubak] You see, I have maintained [pauses] I am one of those who is against deadlines of six months for the implementation of the Constitution since I believe that this is unrealistic. I still believe that [word indistinct] the cease- fire holds, and then we can [words indistinct] for the Federation. Anything hasty or ill-prepared [words indistinct] could possibly cause incidents [words indistinct]. That is why I believe that we should—as agreed in Vienna—first adopt [word indistinct] at the Constitutional Assembly, then explain to the people the advantages of the new political and territorial demarcation, and then go into further implementation of the Vienna Agreement.

[Hodzic] Do you think there will be problems on the ground in implementing the Vienna Agreement?

[Zubak] Well, you see, there is a need to talk to the people, give them information, provide them with explanations [words indistinct] the Constitution, and everything that we have agreed on. Once the people are told, I do not believe that there will be any problems with the implementation, either with the Bosniak people or the Croatian people.

[Hodzic] Thank you very much.

French Detainees Released 'On Bail'

LD1805161694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1551 GMT 18 May 94

[Excerpt] Sarajevo, 18 May (TANJUG)—Eleven members of the French humanitarian organization Premiere Urgence were released from detention on bail today, although criminal charges against them have not been dropped, [Bosnian] Serbian military sources in Lukavica told TANJUG today. Following a decision by the republic of Srpska military authorities, they were released from detention and left the territory of the republic of Srpska at around 1600. According to the republic of Srpska's military tribunal, the French aid workers released today must neither leave their place of permanent residence nor go into hiding. [passage omitted]

Serbian 'Racket' Described

AU1805163594 Paris AFP in English 1606 GMT 18 May 94

[Excerpts] Sarajevo, May 18 (AFP)—Eleven French aid workers detained for over a month by Bosnian Serbs for alleged arms trafficking were freed and flown out of Sarajevo on Wednesday [18 May] after payment of $44,000. In Paris, a spokeswoman for the charity group Premiere Urgence (Emergency Aid), which sent them into Bosnia-Hercegovina, denied that the 4,000 dollars a head paid by the organisation for their release was a ransom.

The sum was "too small to be considered as a ransom," said spokeswoman Pascale de Lomas. She said rather that the money was "bail" which allowed the Bosnian Serbs to "save face." The Serbs' demand for payment, which "resembles a racket," had caused much heart-searching at the charity, she added. [passage omitted]

A communique issued by the French Foreign Ministry said the release came after "direct pressure from Paris and (Bosnia) on the main parties concerned." French Foreign Minister Alain Juppe had several contacts with the authorities of rump Yugoslavia and sent the foreign ministry's general secretary, Bertrand Dufourq, to Belgrade to negotiate a release. Ambassador Jacolin had daily contacts with the group, the statement added.

The Foreign Ministry said contacts had also been made with France's main western partners as well as Russia, European Union president Greece, and the cochairman of the peace conference on the former Yugoslavia, Lord Owen, and UN Secretary General Butrus Butrus-Ghali to help end the aid workers' 40-day ordeal. France "thanks those who helped," the statement added. [passage omitted]

On Tuesday, a day before the release, Patricia Ettouati, the only woman in the group, wrote to the bishop of the Normandy town of Evreux, Jacques Gaillot, that the Serbs were "champions in psychological destruction."

UNPROFOR Plane Lands at Tuzla Airport

AU1905091594 Paris AFP in English 0838 GMT 19 May 94

[Text] Tuzla, Bosnia-Herzegovina, May 19 (AFP)—A UN flight landed safely at Tuzla airport Thursday, two days after Bosnian Serb artillery shelled the airport when another UN plane landed there, UN spokesman Jens Kirk said. No damage was caused in that incident, but the plane took off abruptly as the eight shells thudded in. Captain Kirk, of the UN Protection Force (UNPROFOR), said another plane would land at the airport Thursday afternoon if no shelling took place. The mainly Moslem Bosnian army handed over control of the airport to the UNPROFOR on March 22. Twenty-two flights carrying equipment for UN forces stationed here landed at the airport through April 14, but no humanitarian flights have yet arrived.

Serbian Tanks Shell Civilian Targets in Tuzla

AU1805144994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 18 May 94

[Report by Enes Osmancevic in Tuzla]

[Text] At 1330 the chetniks from Mt. Majevica used tanks to fire at civilian targets in the city. According to initial reports, there have been no casualties, but the chetnik shells caused considerable material damage. This chetnik tank attack on the protected area of Tuzla took place in front of the cameras of many world television teams.

Alarm Sounded in Travnik Due to Surprise Shelling

AU1905110494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 19 May 94

[Text] (?At 0511) this morning a general alarm was sounded in the Travnik area as grenades launched from the aggressor's positions in Mt. Vlasic started to fall on the town. Residential buildings and civilians were targeted. In the Zenica region the aggressor launched 17 grenades that have injured two people since morning. It has also been noticed that the aggressor is integrating new forces. The joint aggressor was attacking Bihac and nearby towns this morning. He was joined by the members of the paramilitary forces of the so-called Serbian autonomous region of Krajina. The civilians targets and the forward lines of combat in the Cazin region and in other towns have been attacked by Fikret Abdic's paramilitary formations.

Serbs Shell Zenica From Mt. Vlasic

AU1805145094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 18 May 94

[Report by the Bosnia-Herzegovina Army 3rd Corps Press Center in Zenica]

[Text] At 1150 this morning the chetniks from Mt. Vlasic again shelled Zenica. Two large-caliber shells fortunately claimed no victims but they did cause significant material damage.

Serbs Claim NATO Planes Helping Army on Majevica

AU1805153594 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 18 May 94

[Report by Vlado Trisic]

[Text] The enemy offensive on Mount Majevica is not abating. What is more, it is becoming increasingly intensive by the day. Civilian houses are increasingly being targeted by the enemy. According to reports that arrived this afternoon from the East Bosnian corps of the army of the Serbian republic, today, the 8th day of the offensive, the enemy has fired more than 200 shells at the Stolice relay station and stepped up infantry-artillery attacks on Piperi and Miroslavci, north of Lopare, from the direction of Celic. Members of NATO today wholeheartedly extended help in the latest Muslim offensive on Majevica. They have been carrying out intensive reconnaissance flights and breaking the sound barrier by flying low around this mountain. Despite the strong attacks, the Serbian positions have remained unaltered. As we have learned, there were no casualties among the Serbian fighters. As we report, which is shortly before 1500, the fighting is still going on.

Serbs: UN Forces Supporting Muslim Attacks

LD1805225294 Belgrade TANJUG in English 2241 GMT 18 May 94

[Text] Doboj, May 18 (TANJUG)—Moslem forces were on Wednesday [18 May] attacking Bosnian Serb positions on the fronts in northeastern and central Bosnia-Herzegovina. The Serb army command in Doboj reported the most violent attacks as being on the Teslic front in the northeast, where Moslems launched two abortive infantry attacks. Doboj's residential areas came under artillery fire, which fortunately claimed no casualties.

Moslem troop movements were reported south of Doboj, on the Ozren front and along the Banovici-Olovo line. The U.N. Protection Force (UNPROFOR) is increasingly blatantly supporting the Moslems, the statement said. During Moslem attacks on Tuesday night, UNPROFOR armoured cars would light the Serb positions in the Bradinja area, which would then be subjected to strong small-arms fire, the statement said. The Moslem offensive on Mt Majevica in the vicinity of the U.N.-designated Moslem 'safe area' of Tuzla shows no sign of abating, with civilian facilities becoming the favourite targets, the local Bosnian Serb army command said. On Wednesday, the eighth day of the Moslem offensive on Mt Majevica, the Moslems fired more than 200 shells on the Stolice television relay and intensified artillery and infantry assaults on other points in the area.

Bosnian Serb positions were not moved, however, nor were there casualties among the Serb troops. The statement further said that the Moslem offensive was receiving wholehearted support also from NATO, whose planes buzzed the area on low-flying reconnaissance missions, breaking the sound barrier.

The area of Bijeljina in the east, 20 km from the border with Yugoslavia (Serbia/Montenegro), was on air-raid alert until around 8 P.M.

In central Bosnia, two Moslem units attempted attacks on the Serb positions 15 km from Kupres in the morning, but sustained heavy casualties and retired in disorder in the direction of Bugojno in the southwest. The local Serb army had no losses in life or limb, army sources said.

Ten Die in Inter-Serbian Clashes Around Olovo

AU1805191094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 18 May 94

[Text] Sarajevo has had another relatively quiet day. The chetniks fired with small arms at members of the UN Protection Forces [UNPROFOR] in Kozija Cuprija, but they returned fire. Apart from the use of a portable rocket launcher against Dobrinja Five, several explosions were also heard near the airport. Regrouping of enemy forces has been reported in several locations.

In the 1st Corps theater of operations, the fiercest attacks by the Serbian occupying forces was registered on the Olovo-Vares front. The enemy keeps retaliating for his losses in the clashes with the Bosnia-Herzegovina Army by shelling civilian targets from a safe distance. The chetniks have been shelling Olovo and Vares with 120-mm and 82-mm mortars. From [words indistinct] the aggressor has been firing anti-aircraft machine guns and M-84 machine guns at the defense lines in Gradina and Gornji Kopaci.

After several days of preparations and after concentrating new forces and bringing in heavy artillery to Nisici Plateau and Olovske Luke, the chetniks this morning launched a fierce combined artillery and infantry attack on our defense lines. Despite hundreds of shells fired in only a few hours [words indistinct], our lines remain stable and firm, and impenetrable for the chetniks. Despite several warnings by UNPROFOR, the chetniks have again used artillery against civilian targets [words indistinct] within the 20-km zone around Sarajevo.

According to the latest information, there are daily conflicts on the Nisici plateau between the local military and the population, and forces that have arrived from other parts of the so-called republic of Srpska. In order to calm the situation in this area at least a little, and to prevent the increasingly open clashes between the [word indistinct] police—who even use weapons to express their dissatisfaction with the [words indistinct] of the local Chetniks, which culminated in the killing of some 10 policemen [words indistinct]—a military delegation of Karadzic's parastate creation arrived last night.

On the Visoko front the chetniks keep firing with M-84 machine guns at the road Visoko-[word indistinct]. The chetniks are also using portable rocket launchers and 60-mm mortars to fire on our positions in [words indistinct].

This is stated by the 1st Corps Information Service.

AFP Carries Report on Rebuilding Sarajevo

AU1805155494 Paris AFP in English 1538 GMT 18 May 94

[By Pascal Barollier]

[Text] Sarajevo, May 18 (AFP)—The United Nations will launch a campaign next week to raise the $530 million it estimates is needed to rebuild the war-torn Bosnian capital, according to a confidential report obtained by AFP Wednesday [18 May]. The report said the fundraising operation would kick off in Vienna on May 24 and 25. The figure of $530 million was just set here after a year-long study by the Interim Coordination Board (ICBO), a body created last April under UN Resolution 908 to determine Sarajevo's needs, handle the fundraising and attribute the reconstruction contracts to international firms.

The ICBO assessment was led by its chairmen, William Eagleton of the United States and Edouard Rousselot of France. Rousselot said their report estimated $270 million was needed to get emergency services in working order within six weeks, and another $260 million for what were called medium-term needs over the next two years.

It is to be officially presented to the special UN envoy on ex-Yugoslavia, Yasushi Akashi, in Zagreb on Friday, then go on to Vienna for the actual start of the campaign, he said. The report is divided into seven broad chapters: water, gas, electricity, city services, civil engineering, city planning and health and education, according to Rousselot.

City services covers public transport, telecommunications and garbage collection, while civil engineering includes airport management, railroads, bridges, highways and public buildings.

Rousselot said that reinstating water, gas and electricity services "will represent about 30 percent" of the $530 million. But he said the hardest task will be to persuade governments to commit themselves to investing in Sarajevo's reconstruction.

The ICBO functions like an American-type trust. It now has no funds at all and has operated up to now entirely off the UN budget in New York. Its chairmen will present their proposals to donor countries and institutions at the Vienna meeting next week. Contributors will then be called to New York in June to detail their offers to the ICBO, which in turn will open bidding on reconstruction contracts. Several international officials involved in the project have said the Vienna meeting will be the first "moment of truth" to gauge how willing states involved in the peace effort in Bosnia are to take part in the next stage, post-war reconstruction.

"A certain number of Moslem countries are not even asking questions and already have their money ready," said one of these officials who asked not to be named. But another raised doubts about French and British participation in rebuilding Sarajevo after more than two years of war, saying he feared a "return to the good old French way of saying 'everything will work out' while not putting any money on the table."

Rousselot said in talks between ICBO and Bosnian officials, the Bosnians have already questioned why France has shown no great interest in getting as involved in the trust project as it has been on the ground, where its forces form the largest contingent in the UN peackeeping force.

Recession-hit France has already spent three billion dollars—nearly six times Sarajevo's estimated reconstruction cost—for maintaining its troops in Bosnia and Croatia over the last two years of warfare, according to military sources here who requested anonymity.

Serbian Civic Council on Talks With Russians

AU1805192894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 18 May 94

[Text] Upon returning from their visit to the Russian Federation, the members of the Serbian Civic Council [SKV] held a news conference, at which they informed reporters about the contacts that they had made with the representatives of the Russian Government and the Russian Patriarchy. During this visit, Russian Federation representative Churkin was informed about the views of the SKV that the Bosnian issue can be solved through political negotiations. The best evidence of that is the agreement signed in Washington, stressed Mirko Pejanovic, member of the Bosnia-Herzegovina Presidency and SKV chairman. The Russian Federation is firmly committed to the sovereignty and the territorial integrity of Bosnia-Herzegovina within its internationally recognized borders, and the unity of the city of Sarajevo, he said.

During their visit to the Russian Federation, the members of the SKV had meetings with the representatives of the Russian Orthodox Church, and informed them about the extent of destruction of the Bosniak religious shrines in Bosnia-Herzegovina.

An invitation was extended to Russian Federation President Boris Yeltsin during their stay in Moscow to visit Sarajevo.

Bosnian Serbs Building Road Toward Knin

94BA0271A Belgrade POLITIKA in Serbo-Croatian 29 Apr 94 p 16

[Article by D. Kecman: "Preparations to Build Road from Banja Luka to Cadjavica Via Manjaca: Half a Million Marks for Initial Work"]

[Text]*The Executive Committee of the SO [Serb Opstina] in Banja Luka has provided 500,000 German marks [DM] for the construction of a road which will shorten the trip to Knin by 60 km; the people of Manjaca enthusiastically welcomed around 300 engineers from the First Corps with 50 machines; petroleum, spare parts, and projects for shorter section provided.*

Banja Luka, 28 Apr—The Executive Committee of Banja Luka Opstina, at the suggestion of chairman Rajko Kasagic, has decided to pay DM500,000 to the fund for construction of a highway between Banja Luka and Cadjavica from the opstina budget, as the initial amount necessary for 50 machines and 300 soldiers from engineer units of the First Krajina Corps to carry out preparations and begin cutting the section from Kocic Han to Cadjavica, 15 km in length, over Easter.

"The Executive Committee has provided this money to secure spare parts for machines, tires, batteries, and other necessary goods, so that the start will be successful. An adequate quantity of petroleum has also been acquired. Responsible for the acquisition of the petroleum are 'Sinekop,' owned by Slavko Roguljic, PP 'Djukic,' owned by Momo Djukic, and MP 'Poljoeksport' in Banja Luka. The road should be completed by 21 September," read the announcement by Rajko Kasagic, who is also coordinator of the construction of this road, which will shorten the connection between Knin and Banja Luka by 60 km.

Engineer Radoslav Brdjanin, minister for urban planning and construction, and part of the ministry in Banja Luka are providing project documentation for a shorter variant (in addition to the longer one to be built); completion of the shorter route, across the military firing range at Dobrnja, would shorten the Banja Luka section by more than 5 km.

Engineers from the First Krajina Corps are already on site in Stricici, and the 300 soldiers are being provided for by hosts, including the president of the local community, Dragan Vulin, who says that the soldiers building the road will have everything they want because the people are finally getting the road promised to them back during the Austro-Hungarian monarchy.

"By connecting the town, by building small properties and dwellings in Manjaca, and through work in Banja Luka, we have the opportunity to move the city to Zmijanje and Manjaca," says Petar Savarevic from Stricici.

Father Nikodin Cavic of Pervan feels that this road will bring the cultivated land of Manjaca to life, and with the industrious Krajinans it will become like the cultivated land of Sumadija.

"From the production of healthy food, unlimited possibilities for raising cattle and meat packing, a return to old trades in a modern way, to the production of furniture, naturally in small workshops—cottage industries, as 'Simpo' in Vranje is doing—and then possibilities for three swathes of grass a year and raising sheep like before the war, with this road this region has the opportunity to revive and become a significant factor for development in the republic of Srpska, because together with Lijevce Polje and the food producers there, food from Manjaca is the mainstay of development," says Father Cavic.

Something that has not been done in the last 100 years, something about which Petar Kocic wrote, something that the authorities of the former SFRY and Bosnia-Herzegovina did not succeed in doing, something that neither Mamula nor Kadijevic succeeded in doing, but that they promised to do: It appears that this will now be corrected and that the Banja Luka-Cadjavica road (intersecting the Mrkonjic Grad-Kljuc road) will finally be built. It remains to be seen whether all this will be happen according to schedule, before the Nativity of the Virgin Mary, under the difficult conditions of sanctions and minimal production in an economy that has no market.

Mesic, Manolic Surrender Posts to Ruling Party

LD1805192094 Zagreb HTV Television in Serbo-Croatian 1730 GMT 18 May 94

[Text] News just in from the Croatian Assembly. Branimir Bilic has a report:

[Bilic] Dear viewers, good evening again. The Croatian Democratic Union [HDZ] and opposition parties are currently giving a news conference in the Croatian Assembly. A short while ago a final agreement was signed between the ruling and opposition parties. The result of the agreement is the following:

The posts of the speakers of the Chamber of Representatives and the House of Counties will go to the ruling HDZ; the current speakers of the two chambers, Stjepan Mesic and Josip Manolic, have placed their posts at the disposal of the Croatian Assembly in line with this agreement.

In the Chamber of Representatives, two posts of deputy speaker will go to the parliamentary opposition parties, two to the deputies of the Croatian Democratic Union, and one to a deputy from ethnic communities or national minorities.

In the House of Counties of the Croatian Assembly, one post of deputy speaker will be occupied by the HDZ, while two posts of deputy speaker will go to parliamentary opposition parties. Posts of the first deputy speaker in both chambers will go to deputies of parliamentary opposition parties.

The number of parliamentary committees will also increase to reflect the newly-created situation between the number of deputies and individual parties in the chambers. This means that there will be a reshuffle of committee chairmen and their deputies and as a result the number of chairman positions to be occupied by the HDZ and the parliamentary opposition parties will be in proportion to the number of their deputies in the Croatian Parliament.

If a committee is chaired by a deputy from the HDZ, its deputy chairman will be from the parliamentary opposition and vice-versa. In the committees where the chairman comes from the ranks of the HDZ, the HDZ will have the majority—in proportion to the number of deputies in the parliament. The committees where the chairman is from the parliamentary opposition will have the same number of HDZ and opposition deputies. The status of the ethnic community and national minorities is not subject to proportional representation. These elections will take place at the next session of the parliamentary chambers.

New procedure books for the Chamber of Representatives and the House of Counties will be drawn up. Draft procedure books will be formulated by a working group to be set up on a parity basis and in accordance with the procedure books used by European countries with a highly-developed level of democracy. The working group will also be appointed at the next session of the parliament. The deadline for drawing up both procedure books is 90 days from the day the agreement was reached.

According to the agreement, the House of Counties will resume work on Monday, 23 May 1994, and the Chamber of Representatives on Tuesday, 24 May 1994, with the election of the presidents of the chambers and their deputies on the agenda.

Government Rejects Resignation Rumors

LD1805161194 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 18 May 94

[Text] The Croatian Government has not resigned and will not resign despite [break in transmission] as Prime Minister Nikica Valentic began today's government session. Nenad Stazic has the report.

[Stazic] The government has displayed a principled and responsible approach to its duties over the past 14 months. It is still a factor of stability, so the prime minister and the government in general will not do anything to destabilize the situation in Croatia. What fuelled yesterday's rumors about the government's possible resignation was the decision to drop items from the agenda of the House of Counties—which was not the most ingenious solution—so the government will not propose that any items be dropped from the agenda of the Chamber of Representatives [break in transmission].

Tudjman in Talks With Owen, Stoltenberg

LD1805204194 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 18 May 94

[Text] Croatian President Franjo Tudjman today received international mediators Thorvald Stoltenberg and Lord David Owen. The talks were attended by Croatian Foreign Minister Mate Granic and Defense Minister Gojko Susak. Under discussion was the continuation of talks between the Croatian Government and local Serb representatives on the reintegration of the UN-protected areas into the Croatian constitutional system. After the talks, Thorvald Stoltenberg said he hopes the next round of talks, which is to deal with economic issues, will be called soon. Lord Owen said the mediators acquainted President Tudjman with the results of this morning's talks with Serbian President Milosevic and Bosnian Serb leader Radovan Karadzic in Belgrade.

Izetbegovic Message to Tudjman Summarized

LD1805140394 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 18 May 94

[Text] Croatian President Franjo Tudjman received a letter from Bosnian Presidency President Alija Izetbegovic, who stayed in Zagreb yesterday en route to Saudi Arabia, the presidential office reports. I want to send you my regards and confirm the commitment of the Presidency and Government of Bosnia-Herzegovina to the

spirit and provisions of the Vienna agreement. We shall do our best to implement this agreement as purposefully as possible [break in transmission] Awaiting your forthcoming visit to Sarajevo, I would like to express my kind regards, Alija Izetbegovic writes in his letter to President Tudjman.

Commentary Criticizes UN Secretary General

AU1805182494 Zagreb VJESNIK in Serbo-Croatian 11 May 94 p 8

[Commentary by Stijepo Martinovic: "Bosnia Is Paying for Peace in Its Neighborhood?!"]

[Text] The war in Bosnia-Herzegovina could last for years, just as the one in Lebanon, but the United Nations has done much by containing it within Bosnia-Herzegovina and preventing it from spreading outside "former Yugoslavia." The UN secretary general recently reiterated that statement, thus contributing—along with many others who hold that view—to cementing the stupid but utterly lethal thesis: that the war in the former central Yugoslav republic was preordained owing to the republic's multiethnic and multicultural situation. That it is, therefore, an internal war, and that no one stoked up the fire under the "Bosnian pot," and that nobody can do anything apart from containing the tragedy within its "natural and ethnic borders."

First of all, that "revelation" is nothing more than a poor excuse, for it is more than obvious that it is most often used by exactly those so-called international mediators whose entire range of activities in the "Yugoslav crisis" is calculated to *a crawling rehabilitation of memorandum goals* and thereby also of means used by the greater Serbian program headquarters in their conquest. For, regardless of the risk that the war might last as long as the one in Lebanon and be equally destructive for Bosnia-Herzegovina, Butrus-Ghali, Akashi, Juppe, Hurd..., not to mention Kozyrev, say it is OK as long as it is contained within the borders of "former Yugoslavia." Even the most naive observer, though, realizes at least three things:

First, that the war in Bosnia-Herzegovina—regardless of the *developed phenomenology* that came later on—did not begin as a tribal conflict of everybody against everyone, but as an aggression (both in terms of ideas and implementation) of *joined greater Serbian forces*, from outside and inside against Bosnia-Herzegovina as a territorial and political whole and against two indigenous nations which unambiguously opted for its survival at an independent address at a referendum.

Second, *the Bosnia-Herzegovina war* did not spread to other areas of "former Yugoslavia"—and to areas of early Yugoslav territory in particular—only because that is theoretically not possible. The greater Serbian onslaught on Bosnia-Herzegovina is conceptually significantly different from the staged *Yugo-army aggression* against Slovenia, it is different from the *Yugoslav-Serb assault* on Croatia, and from the *Serb-allied aggression* that Milosevic's regime designed for Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. On the other hand, with regard to Kosovo, Sandzak, Vojvodina, Montenegro... as victims of greater Serbian aggression, those areas were occupied without war, "integrated" and Serbianized by means of a mixture of political and police terror and economic and social apartheid. The UN secretary general's fear—and not only his—that the war will spread beyond the borders of "former Yugoslavia" is based on utterly stretched speculations about the Balkanization and, subsequently, full internalization of the escalation of Serb state terror over the Kosovo Albanians and (or) the attempt to divide Macedonia among (all of) its neighbors.

However, neither the Kosovo Albanians give any indications as to the limits of their humiliation, nor is Macedonia—with U.S. (para-)UNPROFOR [United Nations Protection Forces] soldiers deployed along the border with Serbia—the prey one is allowed to reach for.

All in all, Butrus-Ghali's going into raptures over containing the war in Bosnia-Herzegovina (Croatia was evidently forgotten as the side to which the UN owes everything but the protection of the terrorist part of its Serbian minority!) is nebulous, to say the least. His real purpose is to convince the victims of greater Serbian aggression that they have the privilege of using their misfortune (even if it is of a Lebanese kind) to contribute to peace in the neighborhood of former Yugoslav territory.

True to such interpretations of the war in Bosnia-Herzegovina, i.e. of the "Yugoslav crisis" in general, Butrus Butrus-Ghali justifies the impotence of the UN to alleviate the suffering of the people and destruction caused by Serb acts of savagery by saying that, instead of 35,000 "blue helmets," he was only given 10,000. This is, again, not just a poor excuse but a very hypocritical one indeed, for as long as the secretary general himself is toying with the definition of the war, identification of the aggressor, and with imperative resolutions of his own house, being very careful not to smear his hands with truth, and as long as his plenipotentiary holds bandit leaders on Pale and in Knin to be "peacemakers" (and they have, naturally, became his "friends"!), it is more than obvious that the number of peacekeeping soldiers is not important, but the induced impotence of political decisions about using those soldiers on the ground is.

Of course, it would be wrong—considering the number of people who should be given credit—to lay all the blame for "Yugoslav mistakes" of international factors on the UN secretary general. However, his is the grandiose contribution to the tragedy on the territory of former Yugoslavia in that his actions were clear and biased and especially in the fact that he gave himself the privilege, as the first secretary of the world organization, to make independent decisions on the level of *the president of the government of the world*, which gives a special meaning to his lethal, though sincere, delusions.

Tudjman Economic Adviser Interviewed

94BA0267A Zagreb DANAS in Serbo-Croatian 19 Apr 94 pp 27-29

[Interview with presidential economic adviser Franjo Greguric by Tihomir Dujmovic; place and date not given: "We Are Still Offering the Serbs Oil"]

[Excerpt] Dr. Franjo Greguric still does not want to talk about current events in the incumbent party, events involving his party colleagues. It is quite certain that he is still firmly behind President Tudjman, although some in the HDZ [Croatian Democratic Union] say that up to now he has been close to what is called the left wing. Greguric is a successful businessman, an advocate of privatization, managing director of the most important firm in Croatia, and the president's economic adviser, and therefore always an interesting and relevant source of information, even when he is evading "hot" political topics.

[Dujmovic] Do you agree with the critics who say that transformation is showing that the adopted model is defective? Is there truth in the speculation that Croatian emigres are being prevented in various ways from taking part in the transformation?

[Greguric] Debate on the proposal for transformation of socially owned firms was conducted very temperamentally among the experts, in the Croatian Government, in the Croatian Parliament, and in many public discussions before the law was adopted in regular proceedings. The Law on Sale of Socially Owned Housing and other laws regulating the issue of commercial space were adopted at the same time. The law was debated during 1991, and then it was adopted toward the end of the year.

The law has also been supplemented and amended on several occasions. When military operations spread in Croatia, new relations were created on Croatian soil, and they required serious changes in the law; among other things they have resulted in the gratis distribution of shares to disabled veterans of the homeland war and families of fighting men who were killed, and also exemptions in making regular payments that have come due for shares already purchased. That is why the law should be viewed dynamically over the period from its adoption to the present day, and it needs to be said that the Croatian Government and Parliament have shown an appreciation for the position of small shareholders, whose position actually is more and more difficult, and for Croatia's impoverished economy. So, I cannot accept the assertion that the Law is defective, especially since there is no ideal law for this subject matter, just as there is no optimum model of transformation of socially owned property. Every country that had a socialist system has been resolving the issue of transformation of ownership of socially owned and government-owned firms in its own way, adapting it to its own material and political conditions.

Nor is there any basis for speculation that Croatian emigres are being prevented from taking part in the transformation. It is quite certain that there has been a great deal of misunderstanding on both sides; the emigres expected to receive better information about possible purchase of shares of small and medium-sized firms, but the Fund and the firms involved in transformation proceedings did not have all the necessary documents prepared for quality transformation. Today the situation in this area is much better than it was a year or more ago: The Fund has put together a team of specialists, the enabling regulations are in place, and there is a readiness to quickly process the applications of our emigres. For instance, the Karlovac Brewery was sold to Mr. Luksic in the United States, Mr. Radosevic has become the owner of the former Zagreb Bus Factory, and many others have found ways of becoming owners of real estate in Croatia.

I mentioned the Law on Sale of Socially Owned Housing. Under that law 157,000 units of socially owned housing have so far been sold out of a total of 393,000, which under wartime conditions has also been a considerable contribution to resolving more rapidly not only the issue of privatization of the housing stock, but also the issue of replenishing the state budget.

[Dujmovic] As the president's adviser for the economy, please tell us whether there is any serious intention to undertake the process of denationalization, which has been announced for months now?

[Greguric] The process of denationalization has been debated in recent days by the HDZ presidium, at the request of the Government of the Republic of Croatia. I must say that there are no good reasons to fear denationalization and that too much mystery is being made of this term. I would like to recall once again that in 1991 all private applications for recovery of nationalized property were recorded in the government office for denationalization, and an immense job was done, and that is the basis for material assessment of the consequences of denationalization. Be that as it may, there is no reason for initiating a broad debate of the criteria for denationalization, especially since the beginnings of denationalization were envisaged by laws adopted in 1991 and 1992—the Law on Transformation of Socially Owned Enterprises and the package of housing laws. I think that the government has a good concept and it should be analyzed disinterestedly and submitted to regular public and parliamentary proceedings.

There is no ideal solution, and it cannot all be given back; denationalization ought to be carried out in both forms, i.e. the natural form, the return of real estate and property, where this can be done without creating new injustices; when that is not possible because of interests of the state and public interests, material compensation should be used, as is done by all countries in the world. In other words, we should not flee from denationalization but undertake a public debate and adoption of the law as soon as possible.

[Dujmovic] Will foreign oil companies be allowed to open service stations, and when might that happen?

[Greguric] The INA [Petroleum Industry] is not alone in marketing petroleum products on the Croatian market. You know that during the last quarter of last year we rented out 30 service stations in Croatia, and after the experience we have had in that connection, we are thinking of renting out another 80 service stations, subject to certain criteria. The criteria have been published in the daily press. Commissions consisting of representatives of INA, the zupanijas, and the trade unions have made the selection, so that in this way we have protected not only our own interests but also the interests of the employed personnel and the interests of the local authorities on whose territories the service stations are operating. At the same time, you have seen for yourself the emergence of private service stations; we think that this is a good thing, that it strengthens competition, raises the quality of services, and offers something more than what was offered by our stations alone. The Galic service station as you leave Zagreb on the Varazdin road is an example; along with a beautiful design, quality service, and facilities from a restaurant to a small motel, it offers everything that might attract the public. In addition to pumping gas, the individual may need to have his car washed, to buy things he needs on the trip, and to rest. This is also good because it stimulates a rise in the quality of services at our service stations.

Now, we already have foreign oil companies in Croatia, for example OMV Istrabenz, which is owned by three oil companies: INA, OMV and Istrabenz. Other foreign oil companies will probably also come, since most expect a definitive peace on our territory and cessation of the war in our neighborhood. Just as soon as lasting peace is established in Bosnia-Herzegovina, we are preparing to undertake intensive reconstruction and development of service stations on this territory as well as in the temporarily occupied regions of Croatia.

[Dujmovic] During the debate about tax regulations, some deputies proposed higher taxation of oil and petroleum products after the pattern of the Western countries. Are the estimates accurate that this would augment the budget by 40 percent?

[Greguric] There is a bill in Parliament proceedings concerning a special tax on petroleum products calling for taxation of all types of motor gasoline, diesel fuel, heating oil, mazut and LP gas. We consider it quite natural as part of the new tax system for value-added taxes to be adopted in the manner envisaged by the law. We can only speak about whether the rates of the special tax on petroleum products, so-called excise taxes, are comparable to similar taxes in other European countries. I think no reasonable person can object to payment of the tax, just as no reasonable person can fail to take into account the available technological condition of refinery installations for the production and refining of petroleum and the distribution system. It is often forgotten that we need to bear in mind that every country in the world must have a minimal energy independence and self-sufficiency, just as we must have it in the areas of defense and protection of the state. Under such conditions Croatia must have secure sources of all types of energy, from electric power to petroleum products. If that were not the case, of course, we would have had a hard time during this war—which, we hope, is behind us—obtaining sufficient quantities of energy sources.

Unfortunately, the former system and Yugoslavia systematically depleted the Croatian oil industry. They put pressure through the price system on domestic oil and gas production and favored cheap energy on the territory of the former Yugoslavia, especially in parts which did not have sources of oil and gas, which means in Serbia, Bosnia-Herzegovina, and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. Now that petroleum production in Croatia is practically stagnant, and the refineries are worn out because of low investment, we face a decision on more intense oil and gas exploration and rapid reconstruction and modernization of the refineries so that we can make optimum use of the professional potential and international reputation of the Croatian oil industry to plug it back into the advanced European countries. Many say that this is not necessary, since we can buy oil and petroleum products more cheaply, but I think that such a simple and one-sided short-term policy would destroy that industry and make Croatia completely energy-dependent, which must not be the policy of the young state of Croatia.

[Dujmovic] With respect to peaceful reintegration of the UNPA [UN Protected Areas], the issue of INA's entry into the occupied areas will certainly be raised soon. Do you have a program prepared?

[Greguric] In late November 1993 we submitted to the Parliament's commission for relations with the Serbs in the temporarily occupies aread of Croatia a proposal for gradually opening service stations. Specifically, we proposed for a start that service stations be opened in Okucani and Petrinja to supply the public in that area with INA's assortment of fuel, obviously at the prices in effect in the other parts of our homeland. We proposed payment in Croatian dinars or any other convertible currency. Unfortunately, there has been no response to that proposal. Now, we are continuing to offer it, we are reiterating it even through this interview. At the same time, we offer to use our service stations in the temporarily occupied areas to market fertilizer and other products that would fill out the shelves of our stations. It is now up to the Serbs in the occupied territories and the negotiating teams. The program, which does not need amendment, envisages delivery of the fuel and fertilizer and consumer goods in our vehicles, with or without the support of the UNPROFOR [UN Protection Forces]. [passage omitted]

Privatization Fund Legal Disputes

94BA0267B Zagreb DANAS in Serbo-Croatian 26 Apr 94 pp 28-29

[Article by Marko Franjic: "What Has the State Done to Caktas?"]

[Excerpts] Sinisa Caktas, engineer and businessman from Split, co-owner and managing director of the firm Nova, is in custody under investigation for alleged misappropriation in the transformation of the Split Dairy. Caktas had big plans and announced a sensational purchase of Split firms undergoing transformation, but his arrest has halted him in creating his business empire. He was at the center of a conflict between the Fund for Privatization and the commercial courts on additional capitalization, which is what got Caktas into trouble, an unconstitutional act in the transformation process, although the Croatian Parliament has passed a law allowing it. The Constitutional Court will decide the fate of the 120 firms which have been sold under arrangements for additional capitalization and in which a great deal of money has been invested, with certain foreign firms among the investors. This has even been debated by the Fund's board of directors, and it seems that yet another farce in the transformation process is on the horizon. At the center of it is a man who announced the purchase of "half of Split," a man who could have become the employer of one-fourth of Split's employed labor force. [passages omitted]

Caktas' Plans

/Caktas came into prominence when he bought or announced the purchase of certain firms in Split that were being transformed. Nova first bought a complex of commercial space for 2 million German marks [DM] on Gundulieeva Street in Split. Then it purchased the firm Transsped and Adria Color by paying the workers cash for the shares of that firm, so that it became its 100-percent owner. All those transactions, if we ignore rumors in the city, were regarded as ordinary transactions in the transformation until Caktas and his firm aroused public interest by offering to build a pontoon bridge over the Novska Gorge, seeking concessions for operation of the bridge in return. Aside from the pontoon bridge, the offer also called for building a new bridge above the Novska Gorge. Sensational announcements followed on the economic environment of Split in which Nova would buy shares to round out its business empire. Caktas announced that he was going to buy from the Fund for Privatization shares in Pomgrad, Dalmacijavino, the construction firm Lavcevic, the fishing firm Jadran, Neptun, and Auto-Dijelovi, with the Dairy at the end of the list. The value of those transactions was greater than DM150 million, and Caktas would have become employer of one-fourth of the employed labor force of Split.

This of course aroused great interest in Caktas, and it is only logical that resistance and enemies should have emerged. Those familiar questions began to be asked: Who is Caktas? Who is he working for? Whose money is it? Soon Caktas himself, in a statement for the media, revealed some of his business plans and announced that he would be buying all the industrial plants around the Municipal Port and moving them elsewhere to build a commercial center on the quay. This was one of the key statements that set in motion resistance to Caktas' business. Caktas confidently presented his plans for all these firms, and it is interesting that no one contested those plans with arguments, but there was constant speculation that Caktas would buy all those firms to grab up the attractive commercial space and construction sites in the center of the city and make money by doing so. Incidentally, he said that himself. However, no one explained what would be wrong with moving the factories from the center of the city to the outskirts and building commercial centers in the center according to urban planning and architectural designs prescribed by the city executive authority. It seems the only thing in dispute was the possibility of someone making money with a good idea and money invested. That was a bad thing in the former system as well. [passage omitted]

Additional Capitalization Contested

This is only one of the drastic conflicts between government agencies and the courts, which are sometimes waged over the backs of the businessmen and small shareholders. This time the dispute is over additional capitalization of the firms, an issue on which the courts and the Fund cannot agree. The Fund feels that additional capitalization is acceptable and indeed desirable, since it stimulates investment in the firms. The buyers can in this way enlarge their capital holding and gain the controlling block of stock, but the firm also gets equipment and money to facilitate its operation. The small shareholders and the trade unions in particular consider this form of purchase thievery and a threat to the rights of the small stockholders. The presiding judges of the commercial courts have met to debate this problem, since some courts have refused to enter such firms in the court register. That is what happened to Caktas in connection with the purchase of the Dairy. In short, the courts judged that this was unconstitutional and a flagrant violation of the rights of the other shareholders. The Fund of course defended the entire idea, and the decision on all this is to be made by the Constitutional Court. This has also been debated by the Government, and after that session the Supreme Commercial Court ordered the lower courts to resume entering those firms in the court register, and if the Constitutional Court proclaims this unconstitutional, the firms will be deleted from the register. But the Commercial Court in Split did not want to enter the Dairy in the court register even after that intervention.

So far there have been about 120 cases of additional capitalization. The Parliament has in fact allowed this in amendments to the Law on Transformation, but now this privatization procedure, which involves the investment of a great deal of domestic and foreign capital, is in jeopardy. If the Constitutional Court says that additional capitalization is unconstitutional, 120 various investors will be in a fix. How is the money invested to be returned and interest paid on it, and, especially, how are they to collect for the time and work invested in the firm's business operation? Or, if the court decides otherwise, who is going to compensate Caktas, and how?

The sale of firms is debatable anyway, since this right has been left to the "magnificent 13" on the Fund's board of directors, who can sell or preserve for the state the shares of the great majority of Croatian firms as they see fit, with no accountability and without any clear strategy for development of the Croatian economy. The case of

additional capitalization calls into question once again the way in which Croatian firms are being transformed, and it could greatly diminish the interest of domestic businessmen in making an investment. Not to mention foreign investors.

Status of Arkan's Firm in Krajina

94BA0266C Belgrade POLITIKA in Serbo-Croatian 7 Apr 94 p 14

[Article by S. Beric: "The Guards Have Gone, the Company Has Remained"]

[Text] Erdut, 25 April—While the Serbian Volunteer Guards [SDG] of Zeljko Arkan Raznatovic were on the territory of the republic of Serb Krajina [RSK] and its main body was stationed at the training center in Erdut, a gasoline station was built at the approach to Erdut, a new commercial building was built, and Dafina Milanovic promised additional investments.

A firm named Dafiment Centar was established in a joint venture with Dafina Milanovic, and Dafina Milanovic herself visited Erdut twice, where she met representatives of the RSK government. In the presence of then RSK president Goran Hadzic and Zeljko Arkan Raznatovic, she promised to invest large amounts to update industrial and agricultural production, primarily on the territory of eastern Slavonia and western Srem.

Following the well-known events that befell Dafiment Bank, there was no longer any talk about any investment, but the business facility at the entrance to Erdut was entirely completed. However, when the training center in Erdut was abandoned, and when the SDG left the territory of the RSK, especially after the feature article published in DUGA and certain statements by Dafina Milanovic, stories emerged in public about the fate of the facility that had been built, about its origin, about its present owner, and so on.

Various stories began to circulate in the local population even before the SDG left Erdut. According to some, the investors and owners of the facility no longer wanted even a financial presence in the RSK, and they were looking for a buyer for that facility to recoup at least some of their money. According to others, the owners of the facility had up to that point already been making maximum use of their presence in the RSK and had derived financial gain, so that the fate of the facility was not even very important to them. However, Stojan Novakovic, who owns 90 percent of the shares and is president of the SDG Company in Erdut, categorically denies all such stories.

"The SDG is the Guards, and SDG Company is a company, and there is no connection between them," says Stojan Novakovic. "The company is registered with the economic court of the RSK in Beli Manastir as SDG Company Erdut, Joint-Stock Company. With its presence in this area, the company plans to work for improvement of the RSK economy by changing the old style of economic management, above all in agriculture. The company has a plan for doing that, but real economic relations have not yet evolved in Krajina, above all because of the danger of war and battles between political parties."

According to Stojan Novakovic, the SDG Company began in 1992 to build a business facility and invested more than $3 million in it. This is a business facility consisting of a gasoline station with a capacity of 400,000 liters, a railroad junction immediately alongside the facility, and a commercial building built to all European standards with 2,300 square meters of floor space. The commercial building itself, according to Stojan Novakovic, consists of a production shop with an area of 760 square meters intended for wood manufacturing, and then a large warehouse and office with an area of 760 square meters. There are also a duty-free shop, a restaurant, and a bank in the building, and the entire project is appraised at $10 million.

"In a joint investment Dafina Milanovic and I established the firm Dafiment Centar, but Mrs. Milanovic did not fulfill all her obligations," says Stojan Novakovic. "Under the contract Mrs. Milanovic was supposed to invest $3 million. We will continue to invest, but as for the funds and debts of Mrs. Milanovic, we will have to talk about that with her and straighten out relations."

Stojan Novakovic, the company's president and investor, says that he plans to build a greenhouse with an area of 40 hectares in the vicinity of geothermal springs, where he will be concerned with plant genetics and the development of new varieties of highly profitable farm products. The president of this company also says that he personally did the design of the free trade zone and port in Vukovar and that he is ready to offer business associates the best terms for construction of the zone. In a very short time the duty-free shop, bank, restaurant, production shop, and warehouse will also begin to operate in the new commercial building in Erdut.

"I am saying all this because certain political parties and individuals, pursuing their own petty political points, misuse construction of this business facility, referring to us all as war profiteers," Stojan Novakovic says. "But I wonder whether any war profiteer invested $3 million in an unsafe area. If I had built this facility on the Belgrade-Novi Sad highway, I would have had 1,000 times more traffic, and the facility would have been worth 50 times more. Once again I put the question—is that war profiteering or patriotism?"

Gligorov on 'Irrational' Dispute With Greece

WS1805130094 Warsaw RZECZPOSPOLITA in Polish 18 May 94 pp 1, 20

[Interview with Kiro Gligorov, president of The Former Yugoslav Republic of Macedonia, by Ryszard Bilski and Maciej Lukasiewicz; place and date not given: "Our Border Is Open to the Greeks"]

[Excerpts] [RZECZPOSPOLITA] A great achievement is the fact that talks have finally been held between Greece and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] (in New York, with the participation of Cyrus Vance)—you told RZECZPOSPOLITA in late August of last year. You also expressed great satisfaction with the fact that both parties had unanimously agreed that they would continue talks until the dispute was settled. Unfortunately, the talks were soon broken off. What is more, Greece once again imposed a blockade on Macedonia—first of all it denied it the access to the seaport at Salonika. What led to this sudden increase in the tension between Athens and Skopje?

[Gligorov] The Republic of Macedonia has all along believed, and it still does, that direct talks are the only way to settle any disputes. I do not know any more effective method. Only political dialogue at a common table can help reach a compromise.

Last year's talks at the United Nations were indeed very promising. Unfortunately, Greece unilaterally broke them off. It justified this decision with the holding of parliamentary elections, which, incidentally, was true. One could accept this argument if, after the elections, the dialogue had been resumed. Such a course of events might then be considered normal. However, this did not take place.

It is worth recalling that as early as the election campaign, Pasok [Panhellenic Socialist Movement] supported slogans that were very radical and not conducive to the climate of reconciliation; when the new authorities came to power, they did not only make no any attempts to resume the talks, but in addition a decision was made to further flame the political atmosphere, which was already very hot and unfavorable for us.

Thus, populist undertakings were chosen. At great rallies the nationalistic passions were further excited. This method could only lead to the radicalization of public opinion, to the decreasing of maneuverability, and to the limiting of the role of the Greek delegation in further talks.

[RZECZPOSPOLITA] Exactly. Can you see any chances of resuming the Macedonian-Greek dialogue? What concessions is Skopje prepared to make, and what concessions does it expect from Athens?

[Gligorov] The Greek economic embargo has considerably deteriorated our economic situation, which was already difficult; this poor economic situation was caused by the sanctions slapped against the Federal Republic of Yugoslavia, which was one of our important economic partners. We have not retaliated and will not retaliate by imposing a similar embargo. We will not organize any rallies intensifying the anti-Greek atmosphere in Macedonia in reply to the Greek rallies. Our borders are wide open to the Greeks and to Greek commodities. [passage omitted]

The dispute between Macedonia and Greece is irrational. It is emotional and does not make any sense. We are, after all, close nations, with a common religion and possibly good prospects for economic cooperation. Macedonia is the Greek road to Europe and Greece—the Macedonian access to the sea. We are a small, peace-loving country. We have made it clear in our Constitution that we have no territorial claims on any of our neighbors. We are not a military superpower that might threaten Greece, which has five times as many inhabitants as we do. Moreover, Greece is a member of NATO and the European Union. Thus, if one takes into account all these things, one cannot help but draw the conclusion that it is possible to resolve this irrational dispute through rational means. [passage omitted]

[RZECZPOSPOLITA] What hopes do you pin on Macedonia's participation in the Central European Initiative?

[Gligorov] My country is definitely pro-European. We believe that the integration of the Republic of Macedonia with this European association is the most important, fundamental goal for us. We link it to the process of Europeanization of the entire Balkans and Eastern Europe. We believe that it results from the internal need of the individual states—from the new European architecture. The Central European Initiative may be of great assistance in the process of accelerating the introduction of European Standards, in the integration of states of the post-socialist region with the EC.

[RZECZPOSPOLITA] It is here, in Skopje, that we heard of the idea of forming a Slavic-Orthodox alliance. What is your opinion on this initiative and would Macedonia join such a union?

[Gligorov] I believe that any ideas concerning new alliances, such as Slavic-Orthodox, Muslim, or others, are detrimental; they may prove tragic for the Balkans and for Europe. Along with the downfall of socialism and the division into blocs, Europe had a great chance to overcome and curb the process of creating new ethnic, religious, and other divisions. Such alliances mean a return to painful experiences, as well as the creation of new conflicts and a road leading to calamities. The Republic of Macedonia would not decide to enter into such alliances, today or ever.

[RZECZPOSPOLITA] Macedonia was the first country to which UN peacekeeping forces were sent before—as it is most often called—the "fire" broke out. What is your evaluation of the preventive policy of the West in this part of Europe? Do you feel safe? How can lasting peace be ensured in the Balkans?

[Gligorov] The preventative mission of UN forces in Macedonia is of great importance, which extends beyond our borders. It was a wise, far-reaching decision. The settlement of conflicts, the prevention of fires makes far greater sense than putting them out only later on. The UN forces in the Republic of Macedonia, which also include a U.S. contingent (almost half of the soldiers), give us a feeling of greater security. The presence of the said units is interpreted as proof of UN and U.S. support for the maintenance of Macedonia's territorial integrity, peace, and stabilization. Lasting peace in the Balkans can be guaranteed first of all through respect for and maintenance of the present borders, prevention of any attempts to alter them by force, countering of the policy of ethnic cleansing, and the granting of rights to national minorities. The policy of territorial claims, breaches of human rights and the rights of minorities, as well as the cultivation of historical myths and territorial appetites may only lead to new conflicts. Tragic proof of this is the war in Bosnia-Herzegovina.

[RZECZPOSPOLITA] Every now and then there appear disquieting reports about preparations on part of the Albanian minority (according to official data, they constitute 20 percent of the population, whereas the Albanians claim that they represent 40 percent) to gain—even with the use of force—considerable autonomy. In this connection there are rumors about the danger of the outbreak of civil war, about the danger of drawing the Albanians from Kosovo and from Albania into such a conflict. Also, the possibility of an armed intervention by Serbia is taken into account. How can "the writing" of this tragic scenario be prevented?

[Gligorov] In the Republic of Macedonia, aside from the Macedonian people (approximately 69 percent of the population), live many national minorities. The most numerous is the Albanian minority (approximately 21 percent of the population). There are also Turks, Gypsies, Romanians, and Serbs. This year we will conduct a national census, under the auspices of European establishments, to once and for all dispell the myths and end the speculations about the size of the minorities, especially the Albanian minority. This minority has several parties, two of which are represented in parliament and constitute the third most numerous political force. Representatives of this minority are also members of the coalition government.

It is true that certain radical groups or individuals are making attempts to establish semi-military organizations, but they do not meet with great support from the Albanian community in Macedonia. I believe that this is mainly because the Albanians and the Macedonians have never in their history been in a conflict. Thus, prevailing is the striving for coexistence, mutual respect, tolerance, and dialogue.

All the predictable "black scenarios," which you have mentioned, will be real as long as the Bosnian "fire" is raging. They will be dangerous until the situation in Kosovo is normal. Also, one cannot rule out the possibility of any outside attempts to destabilize the situation in our Republic. Each of these dangers threatens an all-Balkan fire, which might soon spread to the whole of Europe. Frankly, I hope that this will not take place. [passage omitted]

Crvenkovski Views Talks With Greece

AU1805205294 Skopje MIC in English 18 May 94

[Unattributed report: "Crvenkovski Moderate Optimist"]

[Text] Reserved optimism for the course of the Macedonian-Greek negotiations was expressed by Macedonia's [The Former Yugoslav Republic of Macedonia—FYROM] Foreign Relations Minister Stevo Crvenkovski in his statement for MAKPRESS after yesterday's one hour meeting in New York with the UN and U.S. mediators Cyrus Vance and Matthew Nimitz.

Reminding of the agreement reached with the [words indistinct] details of the negotiations, Crvenkovski did not want to comment on the basis for this feeling that "there are possibilities" that things will move from the standstill.

Commenting on the proposal for a new name, "Northern Macedonia," that was allegedly made by the American mediator Matthew Nimitz, Crvenkovski said: "In this phase we have as yet not reached any concrete proposals, especially not about the name," but ways are being sought out to continue the dialogue which is in the interest of both sides.

It is reported from New York that, depending on the results of the meeting with Vance scheduled for late last night, Minister Crvenkovski may leave for Washington for several meetings.

Up until today no progress has been made, stated yesterday in New York the Greek ambassador Zaharakis after the meeting with Cyrus Vance. Zaharakis denied the speculations in the press according to which the U.S. mediator Nimitz presented proposals for the name: "New" or "Northern" Macedonia. Replying to a question Zaharakis said: "Mr. Nimitz has not presented any proposals, he simply participates in the procedure for the exchange of opinion."

Federal

Simic Urges UNPROFOR To Show Impartiality

LD1805170294 Belgrade TANJUG in English 1632 GMT 18 May 94

[Text] Belgrade, May 18 (TANJUG)—The vice-president of the Yugoslav Federal Government, Zeljko Simic, said on Wednesday [18 May] that the U.N. Protection Force (UNPROFOR) should once again adopt an impartial position in performing its peace-keeping mission on the territory of the former Yugoslavia. During talks with UNPROFOR director for civil affairs, Serge de Melle, and with the coordinator for civil affairs at the Belgrade headquarters of the "blue helmets", Vladislam Gerasev, Simic said that UNPROFOR should do everything possible to inform the U.N. and world public opinion in a timely manner about the real situation in war-torn regions.

By so doing UNPROFOR will restore the credibility it needs to take part in appeasing tension and establish lasting peace in the former Bosnia-Herzegovina, he said. The Yugoslav Ministry of Information announced that the representatives of UNPROFOR informed simic about the implementation of the agreement on the cessation of hostilities in the region of Gorazde, a Moslem enclave in the east of the former Yugoslav republic of Bosnia-Herzegovina [B-H] in which war has been raging between local Serbs, Croats and Moslems for over two years.

The agreement was signed here on April 22 by representatives of the U.N. and the Bosnian Serb republic, a state of Bosnian Serbs.

Simic told UNPROFOR representatives that the civil war in B-H should not be viewed only from the angle of certain hotbeds, such as Gorazde, since there are other areas, such as Brcko (in the north-east of B-H, which, he said, are potentially more dangerous and which are directly provoked by the Moslem side whose political and military acts are often kept secret and hushed up. Simic pointed out that Bosnian Serbs have objective reasons for dissastifaction and caution towards UNPROFOR due to certain indiscretions committed by the "blue helmets". He cited as an example the direct participation of the Nordic battalion of UNPROFOR on the side of Moslems in clashes in the region of Tuzla (north-east B-H), last week. Simic stressed that the Yugoslav Government will continue to extend its help to UNPROFOR to stabilize the situation in B-H in order to create pre-conditions to continue talks for finding a lasting political solution to the conflict, in accordance with the foreign policy of the country. Finally, Simic expressed his gratitude to UNPROFOR representatives and to the special envoy of U.N. secretary general, Yasushi Akashi, for their efforts to overcome the crisis in B-H.

Serbia

Government Reviews Results of Economic Program

AU1805161394 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 18 May 94

[Excerpt] At a session chaired by Mirko Marjanovic, the Government of the Republic of Serbia concluded that the stable conditions for economic activity have been successfully maintained in the three and a half months since the beginning of the implementation of the economic program. The exchange rate of the dinar is unchanged and is accompanied by a gradual increase in foreign exchange reserves and industrial output, which was up 2.7 percent in April.

The deficit in the republican budget is being reduced, as is total public expenditure. Average wages and other earnings have increased in real terms. In the first two weeks of May there was a slight increase in retail prices and the prices of agricultural products at vegetable markets.

Accepting the report on the results achieved in the implementation of the program of reconstruction of the monetary system and the strategy of economic recovery of Yugoslavia, the government concluded that the faster adaptation of companies and banks to the requirements of the market, the strengthening of financial discipline and legal security, the elimination of illegal financial transactions, and the rationalization in the sphere of public spending are of key importance in the second stage of the program's implementation. [passage omitted]

Serbian Commanders Respond to Looting Charges

94BA0266B Belgrade POLITIKA in Serbo-Croatian Apr 7 94 p 11

[Article by Radovan Pavlovic: "Bokan and Pelovic on Volunteers' Difficulties"]

[Text] One of the anecdotes retold most frequently during the fierce conflicts in Croatia and having to do with the role and participation of some of the Serbian volunteers in the homeland war went something like this: "Have you heard that ... was badly wounded?," with the blank filled in with the name of one of the many commanders of volunteer units. The uninformed would of course answer in the negative and ask in surprise: How and where? "Well, on the front, in a mopping-up operation a television set fell on his foot."

This anecdote, with its obvious moral, is like a summary of the criticism that has been publicly expressed about the participation of volunteers in military operations. It did of course go further than that, and the Serbian fighters were accused of having gone off to war with a single motivation—looting. To some extent a climate was even created to the effect that those going off to

battle voluntarily were mainly people from the wrong side of the law and that under the guise of "mopping up" they were collecting for this operation, which is the most dangerous operation in a war anyway, by hauling off expensive and valuable things—gold, equipment, and automobiles.

In some battle areas there were even special units, not made up exclusively of volunteers of course, whom observers scornfully referred to as "vultures." When the forces of the federal army passed, "patrols" would arrive equipped with special peacetime vehicles for loading up plundered booty. There is no doubt that all the belligerents suffered from this virus, and the credit for this kind of "mopping up" should go not only to the volunteers, but also to the local people where the battles were waged, as well as to certain units of the former JNA [Yugoslav People's Army], which a military court has been and is now concerned with.

What is said about the behavior of the fighting men by some of the commanders and responsible officers of the numerous volunteer units which, under various names and referred to as Serbian guards, with chetnik insignia and other national symbols, waged war in Croatia and Bosnia?

Major Borislav Pelevic of the Serbian Volunteer Guards [SDG], better known as Arkan's Tigers, says that there is looting and crime in every war, but that the volunteers who put their lives at risk because of Serbian ideals should not be sullied because of the acts of a few. Pelevic says of the Tigers that they came out of every action with their honor bright and that there were no cases of looting or any crime against civilians and prisoners in the ranks of the SDG. Our informant explained that iron discipline was enforced among the Tigers. There was a soldier's code which all had to abide by. The most popular penalty for those who messed up was the old and well-known folk punishment: 25 lashes on the bare buttocks. Alcohol was strictly prohibited. If anyone was found to have had a drink, he would get the prescribed "ration" of lashes in front of the entire formation, Pelevic said, illustrating it for us. But anyone who got drunk would be expelled from the guards.

In three years of waging war, Pelevic relates, there was one Guard member who took some gloves. This Tiger received 25 lashes at the point where the back loses its honorable name, and he was expelled from the Guards.

Dragoslav Bokan objects to volunteers returning from the battlefield never being asked where and how they waged war, but what they brought back. He says of the White Eagles ("because of what I said, they died for Serbia, while others only called for war in fiery nationalistic speeches"), but they did not fight a war between whites and blacks. "We did not distinguish who were Muslims and Croats, which houses were theirs. The local people where we fought knew that, both who was rich and where people were hiding things." Bokan says that the local people in those areas formed their own militia, a new military-police caste which issued permits for carrying away goods, weapons, and automobiles.

Bokan says that the looting occurred in three waves and that the thieves were not confined to the volunteers. In the first wave the looters were deserters, those who were fleeing from the whirlwind of war; the regular army benefited from the second phase and took away some things under the guise of transferring military equipment and armament; and after them the local people and their militia made their contribution.

Our informants agree that those returning from the front encounter spiritual chaos—no one asks you about your wounds, but what you stole, Bokan says. Instead of welcoming words, they are met with accusations; hungry fighting men, discharged from their jobs, look upon them with suspicion; and the peacetime thieves deliver moral lectures to them, Bokan believes, adding that that is why many fighting men "crack" and have difficulty adapting. The only survivors will be the volunteers who are ideologically aware and who are ready to put up with all that, Bokan warns.

Problems of Returnees From Battlefields

94BA0266A Belgrade POLITIKA in Serbo-Croatian 7 Apr 94 p 11

[Article by Ivan Stojkovic: "Heroes on the Wrong Side of the Law"]

[Text] The civil war, disintegration of Yugoslavia, economic crisis, and the crisis of ethics have led to the emergence of what is called the Vukovar syndrome, the domestic version of the post-Vietnam era in the United States. Many people, mostly young, have fought these last years on battlefields, some as volunteers and others as members of military units, where they have witnessed horrors, massacres, killings and destruction. When some of them return from the battlefield, they face unsurmountable problems of unemployment and feelings of rejections and of being unable to fit into society, so that many often decide to try their luck at fitting in by operating outside the law. Many have been charged and convicted of serious crimes in our country: murder, grand larceny, unlawful possession of firearms.

The most recent example is that of Ilija Vujic, accused of having murdered Vera Zidic and her son in an apartment in Pohorska Street in Belgrade. The Pohorska Street case stirred up the public, especially after Vujic's statement in the investigation that he fired at Vera Zudic without reflection, deliberately wounding her so that she would tell him where the foreign currency was. From what we have learned in the Palace of Justice, he has stated that he fired at Vera Zidic's son without deliberation, as soon as he saw him. This is only one example but the experts, the legal theoreticians and practitioners, say that a new and still more cruel crime wave generated by the Vukovar syndrome we mentioned threatens our country only when the war is entirely over.

Unaware of Crimes

"I think this Vukovar syndrome has grown beyond the limits of the post-Vietnam syndrome, since these boys, at least those whom I have defended before the court, are not even aware that they have committed a crime. I think we are dealing with a big problem of society here, and I think we ought to organize collective treatment of many volunteers and members of the military who took part in this war. They have witnessed horrifying massacres. The problem is that the police meet many of these returnees from the war at the border, take away their weapons and question them, although they have a permit from the Srpska republic to carry them. It is no wonder that they are often charged with the crime of assaulting an official. A large number have also been convicted of unlawful possession of firearms and of creating a general hazard. There have been frequent examples of shots being fired in restaurants and the like," says lawyer Borivoje Borovic.

According to him, there are even examples of disabled returnees from the battlefield being convicted of some of these crimes. Since many of them, Borovic says, do not have a job or anything to live on, they feel rejected and are unable to adapt. There have been many cases, Borovic says, when those who have been convicted, wounded and disabled unfortunates, go back to the battlefield after serving their sentence and lose their lives there.

"All the lads I have defended were actually real heroes on the battlefield. However, the horrors they experienced and the welcome they received from our authorities had such an effect on them that they have rebelled. I feel that the weapons permits issued to the boys in the Srpska republic should be honored here in the FRY [Federal Republic of Yugoslavia] as well. However, the view of the court applying the famous Article 33 of the Law on Firearms is that those permits are not valid, and thus many of them have been convicted of this. The police do not issue weapons permits to many of these lads, and they take them into custody for questioning. There is the well-known case of Zvonko Osmajlic, whom the police in Subotica tried to frame in a murder case. Even when he was released and the charges dropped, the police took away his passport, supposedly because they were unhappy with the court's action," Borovic says.

Sad Tales

He says that the penalties for the crimes of inflicting serious and light physical harm are increased in decisions of, say, the Superior Court when returnees from the battlefield are involved. Borovic says that under the influence of the Vukovar syndrome the young men commit serious crimes with elements of violence, and he says that in these cases forensic psychiatric evaluation often finds that they were in a pathological emotional state at the time they committed the crime.

In the past few years "blunderbuss" grenades have flown around in Belgrade, immense quantities of arms have been found, and many serious robberies have been committed. The question is what is the main reason for this.

"These lads are returning from the battlefield, but actually they have nothing to come back to. The first contact with the state is in practice the encounter with the police. They are treated as though they have come from another country. The case of Nebojsa Markovic, for example, is interesting. He is a volunteer who returned from the battlefield and was sentenced to 4 ½ years in prison for involuntary manslaughter in the death of his friend Vladimir Tadic. They were together in a group, there was drinking, there were some verbal exchanges. Nebojsa had a Scorpion automatic pistol and that is how this tragedy occurred. Those returning from the battlefield should be told as soon as they enter the country what awaits them here with respect to the law, the possibility of fitting into normal life, and weapons regulations. One man who was convicted provides a typical example. He was carrying a grenade because he did not know where to turn it in. He did not dare to leave it at home, fearing someone might get hurt, and so in the end it was activated when he was carrying it around and caused an accident," says Miroslav Todorovic, judge at the Belgrade District Court.

According to Todorovic, the veterans are usually convicted, and the crimes are usually serious cases of robbery, murder and unlawful possession of firearms. He emphasizes that the Law on Weapons treats this area too severely, since an individual need only have in his possession a pistol planted on him by someone else, say, or one he is carrying, say, with papers from the Srpska republic, and he will be convicted and punished very severely, although it has not been established whether he had any intention of using it for any purpose whatsoever.

All of these problems—the legal confusion, war in the vicinity, the disorganized state of society, and the insufficient attention paid to the many young people who through no fault of their own were compelled to take up arms and participate in a bloody war with the blessing of the state—threaten, once the civil war is over, to engender a still larger number of crimes and turn many sound and able young men into potential criminals on the wrong side of the law.

Montenegro

President Receives Top Yugoslav Army Officers

LD1805172194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1351 GMT 18 May 94

[Text] Podgorica, 18 May (TANJUG)—Talks were held today between Momir Bulatovic, Montenegrin president and member of the Supreme Defense Council, and top Yugoslav Army officers. At the talks, they concluded that officers and commands of the Yugoslav Army have

displayed a high degree of responsibility for the overall combat readiness of their troops under very complex circumstances.

As it has been announced, the commanders of the First, Second, and Third Armies—Generals Jevrem Cokic, Bozidar Babic, and Dusan Samardzic respectively—General Ljubisa Velickovic, commander of the Air Force and anti-aircraft defense, and Navy Commander Admiral Dojcilo Isakovic informed Bulatovic about the level of combat readiness of the strategic formations under their command, the implementation of measures set by the Supreme Defense Council relating to the security of the state territory under present conditions, further transformation of the Yugoslav Army, and other issues.

Stable financing, in line with the capabilities of the state, will enable the speedier resolution of problems in supplying units with state-of-the-art equipment and in securing better living standards for the Yugoslav Army.

Loss of FRY Merchant Fleet Seen Imminent

AU1805144094 Podgorica MONITOR in Serbo-Croatian 13 May 94 pp 16-17

[Report by Novak Vulic: "From Loser to Accomplice"]

[Excerpts] The merchant navy is in agony! We reported this almost eight months ago, yet the spasm and fear of losing the fleet is increasingly great. The immense effort of the Jugooceanija and Prekookeanska Plovidba companies and the state to improve the position of the shipping trade with loans essentially boils down to buying time. Chances of the fleet surviving until the end of the year are realistic only if the government decision on a $30 million loan is implemented. In addition to the loan, saving the installations that are of strategic interest for Montenegro (and therefore, for the federal state) also call for the immediate end of the embargo. Since chances for a change of policy are slim, there remains only a glimmer of hope that perhaps one day at least a part of the vessels of the current fleet will sail under our flag.

On the eve of the second anniversary of UN Security Council Resolution 820, the Montengrin fleet is poorer by four vessels, while the threat of a mortgage and auction is looming over the bow of the remaining 37. Ships age faster than people, they diminish in value, sailing ability, and the ability for equal market competition. Debts, on the other hand, like all misfortunes, progressively multiply and oppress. It was warned long before the first results of the international isolation were apparent that a moored boat was the most expensive for its owner. It was also warned that a loss of sailors would ensure. And that the moorings in the Bar harbor and the docks of the Bijela Shipyard were already too quiet, even without boats. In the course of last year, the amount of goods that passed through the "southern gates of the Balkans" corresponded to the amount that in normal circumstances is unloaded in a matter of 15 days. For the sake of not completely forgetting work after the overhaul of the Sumadija [name of vessel], in Bijela nowadays they keep themselves busy with occasional interventions on smaller vessels. The majority of employees are on compulsory leave. Since there is no way of charging fees for services rendered, the shipyard regularly applies for assistance with payment of the minimal salaries. All development programs have been postponed and are already covered with a thick layer of dust. [passage omitted]

[Box, p 16]

The Effect of the Sanctions

Up until the sanctions, the maritime economy contributed to a fifth of the foreign currency revenue in the republic.

The information on losses accrued under sanctions still treats results achieved after surveying the situation at the end of October as current. The amount involved is $217 million, but only for maritime companies. However, we need at least to add to this the $60,000 for daily maintenance of vessels and loans from domestic sources, which also need to be repaid.

In line with a decision of the Montenegrin and Federal Republic of Yugoslavia's governments, by the end of October and on various bases, the maritime economy was granted almost $15 million.

It is interesting, for example, that former Montenegrin companies Jugooceanija and Prekookeanska Plovidbva (in the meantime they changed their flags, reregistered, and changed their mooring port), in addition to calculating losses on freight which amounted to almost $100 million, also registered and calculated losses incurred by devaluation of property. The result can only surprise the uninformed. By the end of October 1993, it surpassed $35 million. This will rapidly increase, because after two years of being moored, vessels are more ruined than if they had been in use for five years.

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